



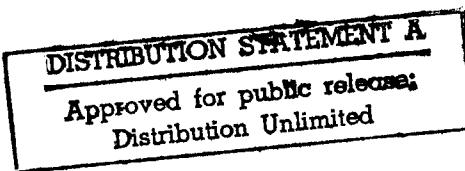
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JPRS Report

Near East & South Asia

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Near East & South Asia

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New NKAO Status Seen as Irreversible
46050021a *Beirut ARARAT in Armenian* 28 Feb 89 p 2

[Article by Dr. Yeghig Jerejian: "About the Decision on Karabakh"]

[Excerpts] The 12 January decision of the USSR Supreme Soviet which put the Karabakh problem on a solution course and which went into effect on 20 January is of critical importance.

The only question that is asked appears to be simple and clear: What stand should we endorse with regard to the decision? The answer to the question cannot be unambiguous. The decision has a positive component, but it does not satisfy our demands. This simple, though true, response-resolution is accepted by the majority. [passage omitted]

The 12 January decision of the USSR Supreme Soviet was the first proposition to resolve the issue politically. It changed the status quo of the NKAO [Nagorno Karabakh Autonomous Oblast]. That is what gives the decision historical significance. In a nutshell, the central government indicated that the essence of the issue rests on changing the form of government of NKAO and that everything else amounts to making circles around the issue. Finding a political solution to the Karabakh problem was the principal demand of the Karabakh movement in the first place.

One of the positive results of the decision is the liberation of NKAO from Baku's claws. Karabakh suffered for a long time under Azerbaijan's humiliating yoke until it found the opportunity to protest in full force. The medieval manacles are no longer on. Let us not forget, however, that a de facto liberation of Karabakh from Azerbaijan existed even before the decision. Karabakh had cut all its links with Baku. With the said decision, the central government simply gave a legal status to the existing situation—not forgetting, of course, to move Karabakh's affiliation from Yerevan to Moscow.

When a demand is satisfied, whether fully or partially, the claimant's cause is vindicated. The said decision, in its principal features, indirectly vindicated the popular Karabakh movement. This fact must not be ignored. Because it is unlikely that a change in the administrative status of NKAO could occur (apart from what is yet to occur) without the Karabakh movement. The said decision is the best affirmation of the justness and rightness of the movement which must say something to the Soviet propaganda media that tried to misrepresent the movement. [passage omitted]

The new administrative system that has been established in NKAO is "provisional." How long is this "provisional period" at the end of which the administrative structure of NKAO will assume its final form? There are several conjectures in this regard. Let us first state that returning the NKAO to its former administrative status is already

ruled out. Then what is the purpose of this "provisional" change? One conjecture is that the decision was made to give the Karabakh problem a special solution which would satisfy all interested parties to some extent. At the 18 July 1988 sitting of the USSR Supreme Soviet, M. Gorbachev expressed approval for upgrading the status of the autonomous oblast to autonomous republic. The main obstacle to that solution is that the autonomous republic must logically be subject to the Armenian SSR just as Nakhijevan is to Azerbaijan. It would be very hard to make Azerbaijan agree to that option. Alternately, the sliver of land that divides Armenia from Karabakh, which is only 6 kilometers wide in the Zangezur region, can be removed in return for some reciprocal concession, and Karabakh can be permanently united with the motherland. However, the solution that appears to have a better chance of acceptance is an alternative which affects all autonomous oblasts: The creation of a body affiliated with the central government to run all the autonomous oblasts in the USSR. Such a solution would probably be opposed by republics which have several autonomous oblasts in their structure (e.g. Georgia). Ideas about this form of solution will probably be clarified by year's end.

Whatever the future "final" solution turns out to be and no matter how long this "provisional" form of government lasts, this decision is a valuable document which affirms the objectivity of the Karabakh issue, which emphasizes the inevitability of finding a political solution for it, which guarantees the independence of Karabakh Armenians and which vindicates the Karabakh movement. It is "provisional." All decisions that have been taken and those that will be taken will remain provisional until the eventual unification of Karabakh with the motherland.

'Criminal Charges' Against Activists Examined
46050021b *Paris HARATCH in Armenian* 1 Mar 89 p 1

[Text] [HARATCH editor's note] We publish the following report by ARMENPRES, the first of its kind, verbatim for its instructive value. It requires no comment. There comes a point when there is nothing left to say. It is obvious that the "investigative division" of the Yerevan prosecutors' office, as that body is called, has reached that point.

[Begin article] The investigative division of the public prosecutor's office of the Soviet Union is examining the criminal charges brought against the leaders of the so-called "Karabakh Committee" and activists B. Araktsyan, A. Galestyan, S. Gevorgyan, A. Akopyan, R. Kazaryan, S. Kazaryan, A. Manucharyan, V. Manukyan, K. Stamboltsyan, V. Siradekhyan, D. Vardanyan and L. Ter Petrosyan.

The said individuals organized and directed numerous unauthorized rallies and demonstrations in Yerevan in 1988, made inflammatory public statements, recruited

participants in rallies and demonstrations for mass activities which grossly upset public order and caused the interruption of the operation of public transportation services and the breakdown of the work of government organizations and agencies. All of them have been arrested.

This is what has been reported with regard to the preliminary investigations and legal proceedings on the criminal offense.

Irresponsible people have recently been promoting all types of fabricated rumors about the detainment conditions of Igor Muratyan at the investigative detainment center.

These rumors are baseless. His conditions of detainment fully conform with existing legal requirements.

In a step to strengthen the supervision of the prosecutor's office over the implementation of the provisions of the 29 July 1988 decree of the Armenian Supreme Soviet regarding the organization of public gatherings, rallies, marches and demonstrations, the public prosecutor's office of the Armenian SSR [Soviet Socialist Republic] has instructed the prosecutors' offices in rayons and cities to officially caution those individuals who instigate the population to take part in unauthorized gatherings and demonstrations.

REGIONAL AFFAIRS

Libya Attempts To Free Diplomat From Algerian Prison

45000141 London *AL-DUSTUR* in Arabic
10 Apr 89 p 4

[Text] The Libyan authorities are attempting to come to an agreement with the Algerian Government to free one of the members of its people's bureau in the Algerian capital. This individual works as a security official in the bureau. The Algerian authorities arrested him during the demonstrations that the Algerian cities witnessed last year. It has been stated that the Libyan official was distributing leaflets among the Algerian masses encouraging acts of violence and sabotage.

Libya Allegedly Presses for Changes in Sudanese Ministries

45000140 Khartoum *AL-HADAF* in Arabic
27 Mar 89 p 1

[Text] Inquiries by AL-HADAF confirm that Libyan authorities have put strong pressures on Prime Minister al-Sadiq al-Mahdi, among them withholding Libyan petroleum from Sudan, to remove Sid Ahmad al-Husayn from the Foreign Ministry and to confirm Mubarak al-Fadil [al-Mahdi] of the Interior Ministry, in spite of [the fact that] Mubarak is not accepted by the general leadership, the majority of members in the Head of State Council and the Democratic Unionist Party, and a number of political forces and unions. In fact, Ummah Party offices themselves have requested his removal from the ministerial line-up for his rejectionist positions on the transitional program and his bad policies in previous governments.

Well-informed sources indicate that Mr Mubarak's not fulfilling his duties in the palace yesterday came within the framework of Libyan pressure on Mr al-Sadiq al-Mahdi.

PALESTINIAN AFFAIRS

Importance of Palestinian-Israeli Nonofficial Talks Described

44040343B Jerusalem *AL-BAYADIR AL-SIYASI* in Arabic 25 Mar 89 pp 10-11

[Article: "Importance of Palestinian-Israeli Nonofficial Peace Talks; Does Shamir, Through Procrastination and Evasion, Seek to Convince Israeli Voter of Necessity of Negotiating With PLO?"]

[Text] The unofficial Palestinian-Israeli contacts are arousing numerous questions from two opposing sides. The first side consists of those who sympathize with and support the talks somewhat cautiously. This side's questions center on the limit to which these talks can go and the objective which they can accomplish. The second side consists of those who oppose the talks and who are

reluctant to accept them. This side's questions center on the feasibility of the talks, the motive for them, and the likelihood of their influence at the official Palestinian and Israeli level.

These unofficial Palestinian-Israeli contacts began as a result of the new political conditions created by the occupied territories' intifadah [Palestinian uprising] which has reshuffled the Middle East's cards, upturned numerous balances, and cancelled numerous equations which had been formulated to impose abnormal solutions for the Middle East region and for the Palestinian issue fundamentally.

As a result of the political intransigence embraced by some parties to the Arab-Israeli conflict, most significantly Israel, the Israeli Government, led by Yitzhaq Shamir, has covered its ears and shut its eyes to the changes that have been and continue to be created by the Palestinian intifadah in the occupied territories at the international and local levels, especially in the European and U.S. arena which most strongly supports the Israeli theory on the region's conflict and on the ways in which this conflict can be settled.

On the other hand, the changes that have occurred in the Middle East arena have evoked a response from the two main parties to the conflict. The Palestinian leadership has taken a number of peace initiatives with the aim of finding a just, comprehensive, and lasting solution to the Arab-Israeli conflict—a solution based on two states for two peoples living side by side in Palestine. This leadership began to make serious efforts in the Arab and international arena to expose the true nature of the Israeli theory which has misled world public opinion and domestic Israeli public opinion for a long period of time. These efforts have been able to accomplish a great deal to serve the interest of the Palestinian cause. They have exposed the true nature of the deception perpetrated by the Israeli theory and the extent of the intransigence of the Israeli Government, headed by Yitzhaq Shamir, the Likud leader. International consensus has developed on the need to hold the international conference, and the United States has made its decision to open a fundamental dialogue with the PLO. As a result, Israeli voices have risen within the Israeli society to reject the Israeli Government's intransigence and to urge the government to respond to the international consensus and hold talks with the official Palestinian party that fully represents the Palestinian people.

These voices have begun to spread to all sectors of Israeli society and have reached the Israeli Knesset and the Israeli Government itself. The people raising these voices have held political meetings with Palestinian representatives who are sympathetic to the PLO and are members of the PLO, even though there is an Israeli law which prohibits direct contacts with PLO members.

After a number of Palestinian-Israeli contacts in Prague, Paris, the Hague, and Washington, the Israeli publication, NEW OUTLOOK, and the Palestinian, newspaper, AL-FAJR, recently organized a symposium entitled the "Road to Peace" at New York's Columbia University. The symposium was attended by Knesset members from the Citizens' Rights Movement [RATZ], the United Workers Party [MAPAM] and the Peace Now movement and by a number of Israeli academicians and political figures.

On the Palestinian side, the symposium was attended by three PLO members, namely: Nabil Sha'th, chairman of the PNC [Palestine National Council]s Political Committee; 'Afif Safiyah, the PLO representative in the Hague; and Nuha Tadrus, a former member of the PLO mission to the United Nations.

The Palestinian and Israeli sides discussed the means that could lead to creating peace in the Middle East and debated the study and plan prepared by the Jaffee Strategic Studies Center on solving the Palestinian problem. Nabil Sha'th considered the plan a progressive and positive step. After discussions lasting 3 days, the two sides stressed the need to accelerate convocation of the international conference and to end Israel's occupation of the West Bank and Ghaza. They also called for mutual recognition between the Israeli Government and the PLO and for negotiations to achieve lasting peace. Despite the two sides' apprehension of each other, they agreed that the solution must be founded on the basis of two states coexisting securely and peacefully.

The Palestinian side also welcomed in principle the proposal of Tzali Reshif, a Peace Now Movement representative, to suspend the intifadah activities in the occupied territories for one day on 1 April 1989, provided that groups from Israeli peace movements cross to the occupied territories to hold meetings in order to guard against forceful dispersion of Palestinian gatherings by the Israeli army and provided that this be coordinated with the UNC which is the only party capable of calling for the proposed peace day.

Importance of Peace Meetings

The Israeli peace movements have responded to the Palestinian peace initiatives despite the Israeli law which prohibits direct contacts with the PLO. These movements have also firmly confronted the criticism to which the Israeli right has subjected them. The latest such strong criticism came from Yitzhak Shamir, Likud leader and prime minister, who has described the Peace Now movement as a marginal movement that deals with Israel's enemies and serves their objectives.

The peaceful response to Shamir's instigatory criticism was embodied in the movement's participation in the Road to Peace symposium which was held in New York a few days after Shamir's criticism.

On the Palestinian side, Palestinian extremists have denounced the Palestinian-Israeli peace meetings and have refused to join them under any circumstances. Despite the reversed position of the peace tendencies on the two sides, considering that the Palestinian peace faction represents the leadership and the majority, whereas the Israeli peace faction represents a minority which has no share in the Israeli people's leadership, the two sides have common objectives behind holding the peace meetings. The most significant objectives are:

1. Creating the proper climate for convocation of the international conference. Both sides have stated this objective, and they both want these meetings to lead to building bridges of trust between the two peoples and to bolstering these bridges so as to encourage both sides to seek direct negotiation with reassurance and ease of mind and without any fear of one another.
2. Elimination of the psychological barriers that separate the two peoples from each other and that have led throughout the long past years to implanting strong hatred in the two peoples' hearts. They seek to accomplish this through direct meeting, through familiarizing ordinary people on both sides with the true nature of the aspirations and hopes embraced by each side to the conflict, and through trying to reconcile these aspirations and hopes so that they may ultimately respond to the two peoples' need for comprehensive and just peace.
3. The attempt of the Israeli peace factions to rally political forces to compel the Israeli Knesset to nullify the law prohibiting direct contacts with PLO members so as to pave the way for holding open meetings that permit the direct transmission of the PLO's statements and ideas to the Israelis so that they may become better aware of the true Palestinian positions and, consequently, to reassure the Israelis on the security concern which the successive Israeli governments have planted in their mind.
4. On top of these objectives, the PLO has a fundamental objective behind these meetings, namely to expand the Israeli peace movements' popular base so that these movements may turn into a force influencing Israeli society. This force would be capable of bringing popular pressure to bear on the Israeli Government to compel it to respond positively to the Israeli people's aspirations, especially to the people's need for peace and security, which can be achieved only by providing the Palestinian people with the same degree of peace and security.

This is why the Palestinian leadership has supported the Palestinian-Israeli meetings in a manner that leaves no place for doubt and why it sought these meetings, believing that the Israeli Government's intransigence can only be "buded" through domestic popular pressure, in addition to external pressure, especially from the U.S. Administration.

Observers believe that the PLO has been able to expand the base of the peace movements by opening up to these movements' members and by offering realistic ideas which have finally dispersed the fears implanted by the Israeli governments in the Israeli people's mind since Israel was founded. But the PLO needs more time to build the broad base capable of pressuring the Israeli Government and, consequently, of altering this government's position according to the political changes occurring in the world community.

5. Political observers believe that the political isolation experienced by Yitzhaq Shamir as a result of the intensifying Palestinian peace assault and of the growing international and Israeli acceptance of this peace, is prompting Shamir to resort to delaying tactics and political trickery.

The main reason for the political trickery and delaying displayed by Yitzhaq Shamir and by Moshe Arens, his foreign minister, may be their wish to employ them to persuade the Israeli voter who voted for the Likud in the latest (legislative and municipal) elections and who elected Shamir and Arens to lead Israeli policy that there is no chance for any political solution without negotiation with the PLO. This would happen through expanding the base of the peace movements while the delaying tactics are going on and by increasing U.S. pressure urging Israel to offer realistic peace proposals to solve the Palestinian problem.

Observers note that the violent criticism Shamir himself has made against the Peace Now movement will motivate the movement to intensify its activity. The movement has actually moved actively in this direction. It has participated in the recent Road to Peace symposium, and it is trying to organize a peace day in the occupied territories in cooperation with the Unified Command of the Uprising. Likewise, Shamir's criticism will act as the alarm alerting the Israeli peace movements to strengthen their unity and cooperation in order to repel Shamir's attack which, if it succeeds, will harm all these movements.

These observers also note the ceaseless pressure the United States is applying to Shamir to make him develop clear peace ideas and proposals prior to his visit to Washington.

But despite this, we believe that Shamir may be seeking two contradictory objectives through the peace movements. The first objective is to justify whatever his response is to the Palestinian ideas before the voters who have given their trust to the Likud, Shamir's party, and, consequently, to face these voters with the bitter truth which Shamir himself is forced to swallow unwillingly before he makes these voters swallow it. The second objective is to try to give himself the opportunity to destroy the intifadah, employing the popular support he

enjoys. This may be achieved if the peace movements fail to form a pressuring force and if the United States refrains from putting the required pressure on Shamir and his government.

Therefore, the question that persists is: Will the unofficial Palestinian-Israeli meetings be able to form a pressuring political force capable of pressuring the Israeli Government especially so that these meetings may turn into official contacts at high diplomatic levels?

This question can be answered with cautious optimism through several given facts which have surfaced in the Middle East arena, the most important being the position recently taken by U.S. Secretary of State James Baker in his talks with his Israeli counterpart on the Israeli settlements in the occupied territories, on Shamir's visit to Washington, and on the need for Shamir to take with him realistic proposals for solving the Middle East crisis. In addition to this, there are a number of ministers and Israeli Knesset members who have begun to awaken from their deep slumber and to realize a singular truth, namely that the PLO cannot be overlooked in any coming peace process. There is also what is reported about the possibility of the Labor Party's withdrawal from the national unity government, which is led by Shamir, and of forming a narrow-majority government with the help of the religious Agudat Yisra'el Party and the Israeli left within the framework of a peaceful coup against Shamir—a coup aimed at responding to the existing international consensus on the possible means to solve the Palestinian problem.

Even though many observers do not find it likely that a Labor will oust Shamir, some observers are optimistic, especially in light of the growing international opposition to the Labor Party leadership.

But this gives rise to another question, namely: Will one of these possibilities materialize or not?

The answer depends on the future which indicates, on the basis of the current given facts, that Shamir will not be able to continue to oppose the world community endlessly.

Faysal Husayni Interviewed
44040315 Jerusalem AL-BAYADIR AL-SIYASI
in Arabic 4 Mar 89 pp 18-21

[Interview with Faysal al-Husayni, Chairman of Jerusalem's Arab Studies Association, by Wafa' Bahr; date and place not given]

[Text] The broken record is being constantly played by the Israeli leadership, especially Yitzhak Rabin, the number one military man and the "minister of defense," in an attempt to create for the Palestinian people an "alternative leadership" that replays the scenario of the Camp David accords and of self-rule. This broken record is rejected calmly, confidently, objectively and with faith that the solution is coming, even if after 100 years, by

Faysal al-Husayni, the chairman of Jerusalem's Arab Studies Association, who believes that there is no alternative to the PLO and that Israel must consider the political developments imposed on the world community, thanks to the Palestinian diplomacy's strength and firmness. He stresses that there are tens of Nelson Mandelas but there will not be among our people's ranks a single "quisling." Al-Husayni points out that holding the international conference is a political necessity but that if the political circumstances and developments so dictate, the positions may be upturned, with direct negotiations becoming a "Palestinian demand" and the international conference an Israeli demand. But al-Husayni does not at all deny that convocation of the international conference continues to exist currently.

Since his release from Kfar Yuna detention camp, Faysal al-Husayni has, in any case, become the Palestinian personality acceptable to all parties by virtue of the popularity he enjoys among the Palestinian masses.

We are not here to discuss the future role of this "man" who, with his visualization and his revealing words, gives the impression that he is capable of achieving a lot. We are here to dot the i's and cross the t's connected with numerous statements, endeavors and solutions, especially Israeli ones, seeking to impose themselves in the area. AL-BAYADIR AL-SIYASI has had with Faysal al-Husayni a lengthy interview in which we have tried to better familiarize ourselves with the opinions of this man who has become the topic of the hour and with the fate of the area's peace process and to find out if we are moving on the right path and if we will ultimately reach the target.

[AL-BAYADIR AL-SIYASI] A lot has been said about the meeting you had with Shmu'el Goren, the territories' affairs coordinator, in your cell in Kfar Yuna. What do you say about this meeting?

[Al-Husayni] The truth is that 3 weeks before I was released from detention, I was told by my guard that I was wanted for an interview outside my room, in one of the detention camp buildings specifically. I learned that Goren was there and wanted to see me. At the outset, Goren introduced himself, considering that we had not met before, and then said he knew me through the files and that he now "wants to know the person behind these files." He also told me that he wanted to inform me that a decision had been made not to extend (my detention) and that he wanted to hear from me my convictions and my view of the developments and of the conflict between us and them. He promised that whatever my opinion, it would not influence their decision not to extend my detention. Therefore, he asked me to speak freely. I, in turn, told him that whether they extended it or not, I would speak with the same "tongue" and in the same "fashion." He began by asking me about the general situation. We also touched on numerous and varied issues as to the nature of the area's conflict, why the PLO is the sole legitimate representative and why a new

alternative leadership may not emerge from within. We also discussed the intifadah [uprising] and I expressed the opinion that "it is not just the acts of throwing stones and Molotovs and of staging strikes. It is the Palestinian people's movement to rebuild their infrastructures so as to establish the independent Palestinian state on the homeland's soil."

In our dialogue, we also touched on numerous other issues, such as: What form will the solution to the problem of the 2 million Palestinians wishing to be repatriated take and will they be repatriated in the Palestinian state or in their past places of residence in the State of Israel? What does the repatriation right mean and does or does not this right pose a real threat to Israel's security? Could the repatriation or reparations issue be subject to negotiations?

Generally, the interview and the discussions interspersing it were some sort of future visualizations probing the future in general. But at the same time, Goren did not approve of the idea of establishing a Palestinian state and clung to his opinion that self-rule is the first step to any solution in the area. Consequently, we parted company without agreement but with each knowing the other better than before.

[AL-BAYADIR AL-SIYASI] Did the meeting take place before or after the Rabin plan was projected?

[Al-Husayni] It took place before the Rabin plan was projected. Consequently, this plan was not brought up in the discussion.

[AL-BAYADIR AL-SIYASI] In your opinion, was Goren interested in having the meeting before projection of the plan?

[Al-Husayni] It is possible that Goren wanted to meet me before the plan was presented. However, it seems that the meeting did not influence the structure of the plan as it had been originally drafted, meaning that Goren was not fully convinced of my opinions and views on the nature of the solution in the area.

[AL-BAYADIR AL-SIYASI] In your interview with the Israeli television, you expressed the opinion that Rabin's plan would be acceptable if it were not tied to pre-conditions. In another statement, you expressed the opinion that the initiative recently launched by "Israeli Prime Minister" Shamir is a step forward, but not an adequate step. What do you mean by these statements?

[Al-Husayni] First, I have never said that Rabin's plan is acceptable. I said that the plan is rejected because it does not meet the Palestinian requirements and conditions.

Second, I have said that the only positive thing is that Rabin has become finally convinced that the solution must be political and not through oppression, bullets and military force. But the plan he has presented, including the elections, is engulfed in harsh conditions that make it undiscussable.

[AL-BAYADIR AL-SIYASI] Regarding Shamir, you have said that compared with his past positions, his initiative is tantamount to "movement," but a movement far from fulfilling our demands. But why is it movement?

[Al-Husayni] In the past, Shamir considered Camp David a rejected thing which was imposed on him by Israel's parliamentary majority. Now, Shamir has come up with a new initiative which is exactly the same as Camp David. What is significant is that what Shamir considered a prohibited and proscribed enormity in the near past is now something which he espouses and offers. So there has been a change in Shamir himself. But this particular change will not carry him to the point where he offers an initiative to which we can respond or which we can accept. This is why we reject his initiative.

[AL-BAYADIR AL-SIYASI] In your opinion, the Israeli Government, with the intransigence it displays toward any just and comprehensive solution to the Palestinian problem, will not abandon this broken record, i.e. making it conditional that a solution, if it so happens that necessity dictates a solution, must be within the framework of Camp David and self-rule.

[Al-Husayni] The Israeli Government is elected by the Israeli people and is responsible to the people who elect it. Consequently, it is compelled to alter its policy and to seek new ways and new solutions that meet the peace requirements and conditions projected by the Palestinians. If it fails to do so, it may violate the trust the people have put in it. It is my opinion that the Israeli people need peace as much as our Palestinian people need it. Our people's leadership has done all it can do to achieve this peace and it has given all it can give for true peace and for the interest of its people who live in the various areas of confrontation. Therefore, it is up to the Israeli Government to serve its people by the same degree and in the same manner in which the PLO has done by offering political solutions to serve the interests of its people who want peace.

[AL-BAYADIR AL-SIYASI] The day following your release, Yitzhak Rabin stated that he was prepared to meet with local Palestinian notables from all the Palestinian currents. Perhaps he has reflected this readiness by meeting with a number of representative of Ansar 3 detention camp. Can we view Rabin's tendencies, as well as the tendencies of other Israeli leaders, tendencies harboring within their folds the beginning of a real change in the direction of the right track in Israel's policy? Or are these statements made just as a palliative intended to end the situation in the occupied territories?

[Al-Husayni] This is how I view the issue: Israel has become convinced that it is impossible to suppress the intifadah with security or military means and that it has to be settled politically. However, the Israelis are still living under illusions that motivate them to offer plans unacceptable to the Palestinians.

[AL-BAYADIR AL-SIYASI] Then we can say that the Israeli Government or leadership is not seriously inclined toward the peaceful solution?

[Al-Husayni] Considering the plans this government is offering, I truly believe that it is not serious in seeking a solution. But this government is fully aware now that it cannot but turn to a political solution and that it has to ultimately meet the Palestinian conditions and requirements.

[AL-BAYADIR AL-SIYASI] The world press has viewed your release as politically meaningful and significant. Can this be actually confirmed and what are these political meanings?

[Al-Husayni] First, I was released at the end of my detention term. I can even confirm that I was released 2 hours late because of some technical and bureaucratic difficulties, according to the prison administration. Therefore, I see no need to load my release with all these meanings. But if the other detainees are released in big groups over shortly-interspersed periods before the end of their detention term, then such a release may have a political meaning.

[AL-BAYADIR AL-SIYASI] In the past 2 years, you were subjected to administrative detention 4 times and each time, you were released like any other Palestinian detainee. In your opinion, why have the media clamored so much over your latest release?

[Al-Husayni] I believe that the Israeli authorities had 3 objectives, especially when they linked the election issue to specific conditions, including the PLO's approval of the election called for by the Rabin plan, even though there is no connection between the two. Elections held with the PLO's approval would be tantamount to a step opening the way for establishing the Palestinian state whereas election in the manner proposed by Rabin is tantamount to blocking any possibility of establishing our Palestinian state. However, they have tried to exploit the word "election" for the following objectives:

1. A desperate attempt in this phase to realize the dream or illusion of finding those who can play the role of an alternative leadership. They [Israelis] know better than anybody else that this dream is unachievable. The Palestinian people are capable of offering tens of Nelson Mandelas. But they cannot find here a single "quisling." However, it seems that they still mislead themselves into believing that they can create trouble [among Palestinians] over this sort of issue.

2. By stirring the media clamor and through the Rabin plan, Rabin can face the Israeli troops and tell them that the Israeli Government does not dispatch them to fight the Palestinian people without trying to find a political solution and that it has actually begun to offer political solutions, meaning that Rabin can ask them to confront the Intifadah more steadfastly.

3. The third motive is aimed at the European countries, and at the United States in particular, and seeks to tell them: Why this rush and why pressure us to talk to the PLO? There is a plan here and there are Palestinian leaderships and notables with whom we can reach an understanding without being forced to talk to the PLO. This is the most serious point and it became evident a few hours after my release. Consequently, it was obvious that we had to do something to prevent these attempts from succeeding with the United States or the European countries. This is what motivated me to talk to the reporters at length so as to clarify the real situation.

[AL-BAYADIR AL-SIYASI] Every time you have been arrested, the defense minister and other Israeli Government officials have cited, and continue to cite, the justification that you are the number one man in charge of Fatah's political activities in the occupied territories. We wish to convey your opinion on this justification to the Palestinian and Israeli peoples.

[Al-Husayni] I have constantly denied this and have said that I am a Palestinian like any other Palestinian living under occupation and rejecting the occupation reality. Now, an Israeli official has acknowledged that Faysal al-Husayni has been arrested not because of something he did but because, to put it in this official's words, "he represents a certain thing to the people," meaning that my presence encouraged the intifadah, that I am the people's spiritual leader and that this is why they jailed me in this manner. This is the proof that the justification is untrue. I am just a citizen who lives under occupation and I, like any other Palestinian, reject the occupation and do all that I can to end it.

[AL-BAYADIR AL-SIYASI] The developments being undergone by the occupied territories have proven the importance of relying on the Palestinians in the territories. Do you think that this role may be considered in any dialogues or negotiations between Israel and the PLO? What I mean is: Could Palestinian leadership figures emerge to build, as the Israelis are trying to make you build, a crossing bridge for any agreements, negotiations or dialogues, especially since there have been U.S. and non-U.S. insinuations on this matter?

[Al-Husayni] In fact, no. It is not our task to build bridges. I have told the Israelis: Your leadership has climbed a tall tree and now it is unable to climb down. We are aware that it is very cold up there whereas the PLO is engulfed by the international community's warmth. Therefore, you have to build a ladder for your leadership to enable it to climb down this high tree. We

may help you build the ladder, but only on condition that your leadership climb it down and not think that we have built the ladder so that we may climb up and sit next to it.

[AL-BAYADIR AL-SIYASI] Both Israel and the PLO have expressed their opinion on municipal elections in the territories. Politically, it is well known that compromises are ultimately inevitable. What, to your mind, is a concept that may gain the approval of the parties concerned?

[Al-Husayni] I don't think that compromises are possible in the election issue because there are at present numerous endeavors to sell these compromises with the aim of breaking or weakening the intifadah. There is no Palestinian prepared to play this game.

[AL-BAYADIR AL-SIYASI] Do you expect a local Palestinian initiative to develop or to be launched, as happened in the case of the draft independence plan which was said to have been seized in your possession?

[Al-Husayni] Who says that this document was drafted locally? I had the document in my office to study it. Its source has not been determined yet.

[AL-BAYADIR AL-SIYASI] Do you expect a local Palestinian initiative to be offered?

[Al-Husayni] I don't think that the emergence of local Palestinian initiatives is possible. We in the territories live in just one part of the Palestinian forest. Therefore, we can only see and accurately describe the trees in this part. We cannot see the entire forest. The PLO, which is positioned at the top, can see the forest and can offer or approve initiatives. We can only describe the situation in the part in which we live.

[AL-BAYADIR AL-SIYASI] How do you explain the contradiction between the statements you made following your release with the statements made by PLO Spokesman Ahmad 'Abd-al-Rahman on the issue of municipal elections in the territories?

[Al-Husayni] I don't think that there is any disagreement. I spelled out 3 conditions, and the fourth was the PLO's approval. Ahmad 'Abd-al-Rahman clarified one of the conditions and supplied its details, calling for international supervision. International supervision means UN forces and UN forces mean an end to the occupation.

[AL-BAYADIR AL-SIYASI] More than one information source has spoken of the possibility of your going abroad. You are aware that the purpose of such a trip would not be rest and recreation but that it would, should it occur, be a "diplomatic trip." Why is such a question addressed to you at this time? If you do go, what ideas would you carry in your briefcase to move the peace process in the area forward?

[Al-Husayni] For 7 years, I have been either jailed or under house arrest and there has been absolutely no place for my being asked: What would you do when you go abroad? In any case, there is still no place for this question. More than 7 months ago, I applied to replace my identity card for a laissez passer. Nothing has happened since and they have sent me neither the laissez passer nor the identity card. I must now ask not only when and how will I travel but also: Where is the identity card and the lasses passes? This, not where I will go and what I will carry with me, is the problem.

[AL-BAYADIR AL-SIYASI] But should the trip materialize, will you be carrying in your briefcase certain political ideas to be presented to the European and U.S. community?

[Al-Husayni] I will certainly present numerous ideas to the European and U.S. community. I will present to the Europeans and Americans and to people abroad, especially the people who have invited me to visit them, what we are offering, what the Europeans are offering and what the Israelis are offering here.

[AL-BAYADIR AL-SIYASI] All are talking of the international conference as a basis. How do you see matters, first, in the absence of a unified Arab position and, then, in the absence of a relationship of unity and coordination between Syria, Egypt and the PLO, keeping in mind that they are frontline states which must have normal basic relations with which to go to the international conference?

[Al-Husayni] This situation makes the international conference a little more difficult, but does not obstruct it. We will exert greater efforts by virtue of the inconvenient, but not impossible, Arab conditions and climate.

[AL-BAYADIR AL-SIYASI] In your opinion, which is better: An international conference under the canopy of inequality of forces that is disadvantageous to the PLO or direct negotiations under the canopy of a balance of forces favorable to the PLO and the Palestinian people?

[Al-Husayni] In politics, there is a constant objective we seek to accomplish. The political objective is the main objective, regardless of the ethical issue. I am not saying that politics are above ethics or that ethics are above politics. Moreover, war is defined as the violent side of politics, meaning that regardless of what victories are scored in war or in battle, politics and war remain inseparable if war victories cannot achieve a political victory. A war that does not achieve a political victory has no value or meaning and can accomplish nothing. We are now raising the slogan of the international conference to achieve a certain accomplishment. To date, I find that the proper arena is the international conference, unless new developments occur and change the balance of forces dramatically for any reason. We may then find the PLO demanding direct negotiations

with Israel and Israel demanding an international conference. What I mean is that the international conference is not a part of the Palestinian legacy which we cannot cede but a political necessity existing at present. It is not an ideological or a hereditary necessity with which we cannot dispense.

[AL-BAYADIR AL-SIYASI] Are you pleased with the existing estrangement between Syria and the PLO? How do you think these relations can be resumed, keeping in mind their importance at present?

[Al-Husayni] It is certain that the dispute that has developed between us and our Syrian brothers is one of the gaps and the catastrophes that have afflicted the Arab and Palestinian struggle and that have had a negative impact not only on us but also on Syria and on the entire Arab homeland. The fact is that this is not the first dispute to develop between us and an Arab country. The dispute which developed between us and Jordan was probably the severest. This dispute was settled sometime ago. Another dispute developed with the Syrian leadership in the past and it was later contained. To be specific, an intense dispute arose in 1976 and developed to the point of armed clashes. Yet, we overcame it, as I have already said. We have not yet reached this point, and I hope we will never reach it, with the sisterly Syria. However, I believe that the nature of the solution to this crisis is more complex than in the past by virtue of the fact that the dispute has been able to polarize a segment of the Palestinians. This segment is small. However, I believe that this polarization has created a major problem for us. This is why resumption of the PLO-Syrian relations is more difficult now than in the past. But we hope to overcome this problem.

[AL-BAYADIR AL-SIYASI] Mr Husayni, there are political signs and indicators of a Syrian-Egyptian rapprochement. In your opinion, will a crossing to the Palestinian gate be made through the achievement of this rapprochement?

[Al-Husayni] This may act as a direct motive. The indirect, and more important, motive must be crossing the Syrian gate to the Palestinian gate and the Palestinian gate to the Syrian gate, regardless of whether this is accomplished with or without reconciliation with Egypt. But if the circumstances dictate that we reestablish understanding with Syria through the Egyptian gate, then welcome to this approach, even though the Egyptian-Syrian reconciliation and rapprochement are supposed to be achieved through the Palestinian gate.

[AL-BAYADIR AL-SIYASI] In an article entitled "Shultz' Gift to 'Arafat," Bilal al-Hasan says: "The world is changing and the Palestinians understand and deal with this change. The circumstances are ripe for an Arab policy that raises the fist of defiance in the face of the U.S. policy." What is your opinion of these words

and do you really believe that a real change is imminent in the Arab position on supporting and backing the Palestinians' efforts to regain their rights?

[Al-Husayni] The Palestinian people have, whether through the intifadah, through achieving their national unity abroad or through the historic political steps taken at the recent Algiers [PNC] conference, very evidently turned the Palestinian issue into an immediate issue, not only at the Arab level but also at the international and U.S. levels. There is no doubt that this position has motivated the United States to talk to the PLO after prolonged refusal and has motivated Europe to play a positive role after the certain negative role which the European countries played vis-a-vis the Palestinian issue in past years. In the final analysis, the same factors that have influenced the European countries' new tendency have, in turn, influenced the Arab countries by a larger degree which is due to our common history. Therefore, the Arab countries are compelled to follow a course that puts greater focus and emphasis on the Palestinian issue. The Arab circumstances may have been inconvenient but the Palestinian conditions have opened for the Arab countries a path that compels them to embrace this pan-Arab position.

[AL-BAYADIR] So, should we feel optimistic?

[Al-Husayni] I am optimistic.

[AL-BAYADIR AL-SIYASI] You have made statements about the need to create a joint frontline states common market similar to the EEC and the GCC. Meanwhile, there is an Egyptian initiative which is similar to what you advocate but which excludes Syria. What do you say to this and why is such a market important now?

[Al-Husayni] We are now at the threshold of the 21st century. This means that we are approaching the end of the 20th century and the beginning of the 21st century. Major countries, such as France, Germany, Britain and others, are unable to survive alone. This is why they have prepared themselves to confront any challenge through the EEC. This being the case with these countries, then what should our Middle East's small countries do? I believe that that the Middle East countries cannot enter the 21st century in this state of division. I believe that there will be one market which will include Syria, Lebanon, Iraq, Jordan, Palestine, Egypt and Sudan, another market which will include the Maghreb countries, along with the third market which includes the Gulf states. Collectively, these markets will one day form the Middle East market.

If we can accomplish this, and we are required to accomplish it, then we will be able to enter the 21st century as actual citizens of the 21st century and not as small divided groups. I tell the Israelis now that they should pay attention to this issue, should change and become a part of the Middle East and should abandon

their endeavors to be a part of Europe because they may have a major role in the Middle East whereas their role in Europe will be secondary.

Ultimately, it is up to them to choose to change their habits and actions and become a part of the Middle East or to be Europeans in a part of the world that is strange and alien to them and where they will require the European care and kindness which may come to an end someday.

[AL-BAYADIR AL-SIYASI] In your opinion, was the hardship Washington experienced as a result of its isolation the direct reason behind its decision to open dialogue with the PLO? On the other hand, do you think that Washington will keep the dialogue as close as possible to the conversation of the deaf, i.e. a unilateral dialogue?

[Al-Husayni] With its economic and political weight, the United States is the last country in the world to be disturbed by something like international isolation. The United States was compelled to make its decision by the strength of the Palestinian position, of the intifadah and of the Palestinian diplomacy. These strengths, not U.S. isolation, are what compelled the United States to deal with the PLO.

[AL-BAYADIR AL-SIYASI] Can we say that the United States is seriously seeking a solution and that it will pressure Israel to enhance the area's peace process?

[Al-Husayni] The question is not whether to pressure or not pressure Israel. The question is: Can there be any solution or will Israel embark on any solution without being subjected to any foreign pressures? We hope that this will be done. We want a peace to last without any foreign pressures and with the agreement of both sides. I also prefer to see an Israeli position emanating from intrinsic conviction. Otherwise, Israel will find itself subjected to international pressures if it fails to agree to conclude a peace treaty in the area.

[AL-BAYADIR AL-SIYASI] Yitzhak Shamir is expected to visit Washington this March at President Bush's invitation. Isn't this proof that the U.S. policy is partial to Israel, regardless of the recently issued U.S. statements which smell of the allegation of support for the Palestinian cause and of the desire to end the Middle East crisis?

[Al-Husayni] Again, the issue is not how biased or unbiased is the United States toward Israel but how strong and firm is the Palestinian position. This position is what will dictate specific positions to the U.S. and Israeli administrations.

In politics, there is no friend, lover or hater. There are intrinsic capabilities and resources which compel other countries to espouse and embrace positive stances toward any problem or any conflict in any part of the world.

[AL-BAYADIR AL-SIYASI] What do you say to Bush?

[Al-Husayni] I would like to tell him that he is approaching a new phase in the history of the world, the United States and the Palestinian issue. He may begin with steps which may be considered a new birth at times. He has to deal now with a new issue for which new conditions may be established—conditions different from the past conditions in accordance with which the United States dealt with the issue. He must begin from a new point, with the belief that this is a new issue that is not tied to all the past promises Kissinger and Reagan gave Israel because those promises were made under certain circumstances and because he is now tackling the same issue under different conditions. Another point to be brought to Bush's attention is that he must not allow himself to fall into the same trap and make the same mistake his predecessors made as a result of the deception of the Israelis who constantly told them that an alternative leadership can be found in the occupied territories. Such an illusion will not be realized. They have repeatedly tried to use this song-and-dance, they are trying now and they will try in the future. He should not allow himself to be entrapped and should not allow Israel to talk him into wasting precious time and innocent blood in this phase for the sake of unachievable illusions and dreams.

[AL-BAYADIR AL-SIYASI] There are differences and disagreements on the structure and timing of the provisional government between the Palestinian factions which participated in the latest Algiers conference. What do you say about the failure to develop a unified position on this issue and what is your viewpoint on representation of the occupied territories' inhabitants in this government?

[Al-Husayni] As I have already said in response to a previous question, we live in a part of the Palestinian forest whereas the PLO sits at a point where it can see the entire forest. Therefore, we can make the decisions pertaining to our daily life because we can see the trees around us. As for the main strategic issues, we, the Palestinian people, cannot determine them. The issue of when the Palestinian provisional government is to be formed involves a strategic decision that can be made only by him who sees the entire forest.

As to the question of whether the areas having a Palestinian presence should have greater or lesser representation, open or confidential representation or no representation at all, it is a strategic question which only the leadership in Tunisia can determine. I cannot answer this question.

[AL-BAYADIR AL-SIYASI] It seems that King Husayn is not eager to discuss a confederation at present due to the absence of equality. At the Palestinian level, there are voices that insist that it is important to discuss the confederation now. In the absence of actual equality at present, what do you say? On the other hand, do you think that confederalism is an inevitable political plan in case the Palestinian state comes into existence?

[Al-Husayni] I believe that the confederalism concept is extant but is not binding to anybody. It can be discussed and examined thoroughly when liberation is accomplished and the state is established because, to begin, a federation is founded between two states, not between an entity and a state. When we have our state, we will then discuss the confederation issue, whether with Jordan or with another state.

[AL-BAYADIR AL-SIYASI] But do you view the path of confederalism as inevitable?

[Al-Husayni] The path of confederalism is inevitable. As I have already said, the 21st century will have no mercy for big countries such as France and Britain, not to mention countries like ours.

[AL-BAYADIR AL-SIYASI] Shaykh Ahmad Yasin, a prominent Gaza figure, has made a statement underlining the importance of municipal elections, but under international supervision. What is your comment?

[Al-Husayni] According to what I have heard, he wants the elections under international supervision and makes his approval conditional upon Israel's withdrawal. Thus, he has not swerved from the PLO position and has perhaps offered the same interpretation, keeping in mind that he considers international supervision to consist of the presence of UN forces. On my part, I consider free and democratic elections to mean freedom. There is no freedom under occupation. When the PLO speaks of "international supervision," it means the presence of UN forces to replace the occupation. According to what I have heard, I believe that Shaykh Yasin has denied that he approves of elections without Israeli withdrawal. I believe he wants the elections after withdrawal.

[AL-BAYADIR AL-SIYASI] In a statement he made recently, Chairman Yasir 'Arafat has warned of the consequences of an Israeli war scenario on Lebanon's borders with the aim of striking the area's peace process. Do you share Chairman 'Arafat's fears?

[Al-Husayni] The possibility of Israel engaging in a war scenario is very real, considering that Israel is experiencing a very terrible domestic crisis, external pressures, an economic crisis and a political crisis. Therefore, Israel needs some sort of change in order that it may be able to change the conditions engulfing it in the hope of altering or delaying the solutions required by the crisis it is experiencing. I believe that the Israelis may embark on any act of the sort. As to when and how, I cannot tell.

[AL-BAYADIR AL-SIYASI] Finally, Mr Husayni, do you expect 1989 to be the year of the last chance to establish peace in the area?

[Al-Husayni] There is no last chance. This is a good chance but it is not the last one. We are a living and existing people and we will get our chance now or in a 100 years.

Editorial Warns of Growing Extremism in Region
44040330b Jerusalem AL-BAYADIR AL-SIYASI in Arabic 11 Mar 89 p 5

[Jack Khazmu Editorial: "We Will All Be Extremists in Long Run"]

[Text] The extremism phenomenon has begun to grow gradually in the Middle East region. This phenomenon is usually preceded by a phase of intransigent positions that is followed by another phase that allows "radicals" and the "extremists" to rise strongly and with a considerable popular base behind them.

The causes of the area's inclination toward the extremism phenomenon are due to facts that cannot at all be disregarded, namely:

There has been no tangible progress, not even the "signs of hope of progress," in the peace process. The efforts are stalled, despite the international media's interest in what is happening in the West Bank and the Gaza and despite the numerous exploratory visits made by eastern and western ministers and officials. The citizen has become inclined toward despair because these shuttle trips have not achieved the clear progress that many seek and to which they aspire.

There is "intransigence" or "rigidity" in Israel's position toward the area's peace process. To date, the Israeli Government leaders have not accepted the proposal to hold an international conference and have not agreed to Soviet Foreign Minister Eduard Shevardnadze's proposal to form preparatory committees and to hold bilateral and international consultations to prepare for convening an international conference. There is "rigidity," even "intransigence," in Israel's position toward the Palestinian people. To date, the Israeli leaders, or most of them, reject dialogue with the PLO, refuse to acknowledge the reality, insist on excluding the PLO from participating in the peace process, try to abolish the PLO's role under various kinds of pretexts and emphasize that they adhere to a solution based on the Camp David treaty.

The United States, which has great influence in the Middle East region and whose word is respected and appreciated by Israel and by a number of Arab leaders, has not yet moved to take a fair and neutral stance. It has not formulated a clear political position or plan to solve the area's issue. The citizens felt optimistic over inauguration of the U.S.-Palestinian dialogue. But we now

notice that this dialogue has not moved from the point at which it started and that there are threats to stop it, as if it is a conditional grant given the Palestinian people and not an international political duty required to establish a just peace in the Middle East region.

Another important cause that may not be noticed by anybody is the major disputes between the political forces in both the Palestinian and Israeli arenas. These disputes are growing daily and are giving the radical extremists the opportunity to rise and gain more popularity day after day. This is what we are experiencing every day, every hour, and every moment.

The abovementioned causes certainly encourage radicals on both sides to seek power and support. We say frankly that if the present situation persists, extremism will gain strength and popularity and will be greatly supported and that the entire area will head in the direction of extremism. This is a fact which the entire world and the leaders in charge of the Middle East region must understand.

The phenomenon of "extremism" has not surfaced spontaneously. It is the consequence of the political movement's failure and of a despair implanted by leaders who do not want peace and who fear it.

This phenomenon cannot be confronted with force or with sanctions but by pushing the peace process forward and by achieving progress. All must move within this framework, not only to prevent the expansion and proliferation of this phenomenon but also to secure just peace, reassurance, and ease of mind for all of the region's peoples.

We say frankly that failure to establish peace in the region in the near future will turn all of the region's citizens into extremists in the long run, and herein lies the danger which may put the future in the hands of the devil, God forbid.

There is no place for prevarication, maneuvering, or intransigence and efforts must be made to establish peace now, now and not tomorrow.

ALGERIA

Islamic Front Movement Leaders Voice Views
45190053c Algiers ALGERIE ACTUALITE in French
23 Feb-1 Mar 89 p 8

[Article by Abdelkrim Djilali]

[Text] The Islamic movement is not well understood. Forced into clandestinity and open opposition, like so many other movements, its members, in all their diversity, have experienced imprisonment, torture, and in some cases, forced domestic exile. Their credo calls for observance of the shari'ah and the Koran. Within the change in religious fundamentalism, the distinction has

to do with the question of whether this demand is a condition or a goal. The difference is considerable, and depending on which point of view one adopts, the terms of the discussion are altered. Violence is often urged as a tool in connection with the first point of view, while the second operates basically from the battlement of dialogue.

On 18 February 1989 at the Sunna Mosque in Bab-El-Oued, imams representing various regions of the country proclaimed the establishment of an Islamic Salvation Front to an audience of thousands. ALGERIE ACTUALITE is presenting the full statements made by some of these front representatives. Shaykh Abbas El Madani is a professor at the University of Bouzareah, and Shaykhs Benazouz and Ali Belhadj preach at mosques in Algiers. In a future issue we will further discuss the debates which preceded the establishment of the front.

Statement by Shaykh Abbas El Madani

"The birth of the Islamic Salvation Front is an event which has its roots in the history of the country. In what way? The National Liberation Front, after 1954 (the November events were one of the goals of the CRUA [expansion unknown]), was the product of a historic phase which began with the war against the colonial regime and ended with the achievement of freedom and independence in their broadest sense. This revolution only abandoned its weapons after the establishment of a free and independent Algerian State based on the principles of Islam. The matter was settled thanks to negotiation and the recognition of the sovereignty of the Algerian people and the unity of the nation and the territory. The French Army withdrew to allow the Algerian people freedom and independence. What remains to be achieved, then, is the building of a free and independent state on the basis of the Islamic principles, as a principle of the November events. The front has been diverted from its historic mission to pursue a political program linked with the government itself. By way of proof, there are the documents which confirm this deviation. They include the Tripoli Charter, which contradicts November; the Algiers charter of the Ben Bella era; that of Boumediene; and, finally, the charter of the Bendjedid era. These documents lack credibility in relation to the ideals of November, which represent the most brilliant pages in the history of this nation. It was the denial of our history and principles which caused us to sink into the pit of the personality cult and the paths of improvisation. The affairs of the nation were not directed on the basis of its supreme interests, such as the freedom of the people, their expression, consideration of them, and neglect of their religion. All that remains is the phrase 'Islam is the religion of the state.' Meanwhile, there was the loss of the human and natural potential of the nation, and the culmination is this widespread crisis in all the sectors of political, economic, cultural, and social life. The period from 5 to 10 October was the clear, conscious, and strong expression of this people

who are still active and ready to continue along their historic path to re-establish the sovereignty of their word and to plunge anew into the building of their state, which they want to be the expression of their personality and their will, and to be capable of freeing them to forge ahead in a civilized world, politically, economically, and socially. The Islamic Salvation Front wants to recover the lost conquests of November with legal, wise, integral, and clear-thinking leadership which is aware of the weight of its responsibilities and works to achieve its goal with the whole of the people. This front was not established to enter into political struggles for their own sake. And it does not exist for itself. It is a historic and social necessity which carries a message.

"It extends a hand to all who want the good of the country. It goes even further, hoping to participate in overcoming the global crisis the country is experiencing and the political, cultural, and social deviations the country has experienced with the end of the provisional government interval. It wants to re-establish links with the martyrs of November, including El Mokrani, Bouamama, Emir Abdelkader, and Abdelmoumen Ibn Ali. The front wants to establish the Islamic social context, which is a mercy for mankind. Our Prophet, blessings upon him, is our path to salvation. He was the savior of mankind, its messenger of salvation.

"Salvation is not a narrow issue, but encompasses all the hopes of mankind which work toward good, prosperity, and peace. It raises man to wisdom, in the path of good traced by our religion."

Statement by Shaykh Benazouz

"Following this historic assessment of the country, in terms of the reality which can be seen by any clear-thinking person in this country, where the blood of its sons and the tears of its women and children wash the land, what we hope for is that the tears will be dried and the wounds bound up through a turning to Islam, particularly since those who lead the country were among those who fought and pursued the jihad. This is why our hope was that they would make this Ummah happy by satisfying its material and spiritual needs. But the successive deviations have caused this Ummah to lose hope. It has always had recourse to its Islamic authenticity for its salvation and to cure its evils.

"As proof, we have what we are experiencing today in terms of depravity and attacks on Islam and on Muslims. As a result, even the leaders of this country have offended Islam and the Muslims. For this reason, we have addressed our counsel to them, because they are our brothers.

"Our religion urges us to accept advice. And the Prophet, may he be blessed, said: 'Religion is counsel.' And they asked him: 'For whom, Oh messenger of God?' And he answered: 'For God, for His book, for His Prophet, for the imams of all of the Muslims.' Thus we have tried, in

all situations, to provide counsel to our brothers, urging them to work together for the good of this community and this country which flows with the blood of its martyrs. We have seen moral calamities which are entirely alien to religion and the traditions of the Algerian citizens. The consumption of wine, which has become legal, and the mixture of the sexes in the primary, secondary, and higher schools have resulted in the proliferation of bastards. Depravity has spread, and we see that women no longer hide themselves, but display their naked and painted bodies before the eyes of everyone, at home and out in the world. Where, then, is the dignity of the Algerian citizen after his honor has been publicly flouted, after the country whose earth is watered by the blood of the martyrs has competed in the production of wines and won a gold medal?

"After certain 'pastors' lost their human values, we tried to breathe a second wind into this Ummah, by creating an ideal framework, before it was too late. And there is no harm in this. To the extent that every vociferous citizen turns to a party or an official to obtain benefits from this Ummah, there is, in my opinion, no wise man who will contradict my claim that the majority are working for the destruction of this Ummah, whether they are aware of it or not. And the majority of them believe that this front was created only for the purpose of armed opposition. There is absolutely no question of this. But the battle of our front and its terrain have to do with combating dissolution and evil, as well as the effort to build an Islamic society which does not sell out its basic principles nor its material and spiritual interests."

Statement by Ali Belhadj

"The Muslims, led by the preachers, using their various methods, worked and confronted all of the deviations from the shari'ah in a period when writings were forbidden, speech was muzzled, and freedom of expression was non-existent. Despite all this, they worked and spread the good word in accordance with the recommendations of the religion which decreed that good is an obligation and evil is prohibited. And if we go back in history, we will find the proof and the documents there. Shaykh Ben Badis breathed the Islamic soul into this Ummah, and he risked death in 1927 when an attempt was made to assassinate him. He continued his work by teaching this Ummah, in which rights were being repressed. His work was a success to the extent that he was responsible for the rise of the first November generation, that same generation which resisted with a sincere Islamic soul. After independence was won, thanks to the sacrifices made, the preachers saw the distortion of the revolution (I would cite among them Shaykh El Ibrahimi, who died under house arrest during the Ben Bella era, and Shaykh Mesbah Houidek, who died in exile for his faith in the path of God and his refusal to accept any yoke in the Boumediene era). Preaching and freedom of speech were prohibited even in the mosques. The great preachers could not move about freely to spread the recommendations of God. A group of preachers, each

in his own fashion, rejected the charter and the Constitution in order to express their resistance in 1976. Among them I would mention Shaykhs Nahnah, Soltani, and Sahnoun. In the same era, other groups demanded that all activities in life conform to the shari'ah (the incidents at the university in 1982). The credit goes to Shaykhs El Madani, Soltani, and Sahnoun. The result was imprisonment, amid an atmosphere of unprecedented repression. Abdellatif Soltani died under house arrest in the Bendjedid era. In 1982, another group, headed by martyr Bouali, was forced to defend the right to preach, and the result was bloodshed which benefited the East and the West at the expense of Islam. The members of this group were arrested and tortured. In conclusion, I would say that the Islamist movement, which differs in methods used, but not in principles and goals, has always worked to enlighten believers about the reality of their religion, and to defend its great principles in times when dark shadows, tyranny, and repression prevailed. We would say that the front existed well before the Constitution, and the Muslims were already working, whether freedom was granted them or not. Because their religion imposes this duty upon them, we will continue to spread this religion, even if the Constitution fails. There is a difference between one who proclaims the just word when repression prevails and one who does so in an environment of freedom. However, if this freedom is granted to us, it will avoid major problems for us and will allow free reign to preaching. And if the government adheres to Islam and respects the sovereignty of this people, we will be its soldiers and its servants. However, what is happening contradicts this, and it is for this reason that the front was established—to defend Islam and to develop the interests of this Ummah within the framework of Islam."

EGYPT

Cairo University Faculty Strike Called 'Great Success' 45000136 Cairo AL-SHA'B in Arabic 28 Mar 89 p 1

[Text] The strike by 7,000 University of Cairo professors last Saturday was a great success. The amount of success is affirmed by statistics announced by Dr Yusuf 'Abd-al-Rahman, president of the University of Cairo faculty club: 95 percent [participated in the strike].

The attendance of university professors was 96 percent, with 4 percent absent due to circumstances beyond their control.

The strike stopped professors from going to their departments and from studying. At the same time, University of al-Zaqaziq students supported the strike by members of the University of Cairo faculty, preventing the students in the college of arts from attending lectures. They also prevented a large number of engineering, science, and medical students from attending lectures.

AL-SHA'B Says Al-Rayyan Depositors' Assets Lost

45000137 Cairo *AL-SHA'B* in Arabic 4 Apr 89 p 5

[“Akhbar Mamnu’ah” feature]

[Text] “Akhbar Mamnu’ah” [Forbidden News] is very sorry to inform the thousands of respectable depositors in al-Rayyan [Company] that all indications point to the loss of their money, may God compensate them. The latest indication of this is that the government was thinking of selling some of al-Rayyan’s properties to pay part of the depositors’ money, but the problem is that they will not find a single buyer, as they are all afraid that their fate will be like that of al-Rayyan, and therefore the money will go down the drain.

NDP Youth To Oversee Bakeries, Public Food Outlets

45000138 Cairo *AL-AKHBAR* in Arabic 29 Mar 89 p 6

[Report by Qamr Shah Dhu-al-Fiqar]

[Text] Dr Yusuf Wali, secretary general of the National Democratic Party [NDP], has affirmed that President Mubarak takes special interest in reaching solutions to the problems of young people. This came yesterday in a celebration of the NDP’s first youth leadership class graduation. It was attended by the president of the Consultative Council and the ministers of culture, economy, and the interior. The celebration was held in the leadership training center in Madinat Nasr.

Dr Kamal Abu-al-Khayr, NDP youth secretary, announced that 9,219 young men and women have graduated since last July. They will oversee bakeries, [consumer] cooperative societies, and all food dealers in general, in addition to applying the power of the people to places of business.

IRAQ

Cooperation Accord Signed With Bulgaria

44000398 Baghdad *BAGHDAD OBSERVER* in English
23 Feb 89 p 1

[Text] Iraq and Bulgaria on Wednesday signed a batch of accords providing for bilateral cooperation in industry, arms industry, economy, trade, agriculture, irrigation and health.

Iraq’s First Deputy Premier, Mr Taha Yasin Ramadan, here on a few-day visit heading a high-level delegation, and Bulgaria’s Prime Minister Mr Georgi Atanasov, signed an accord on industry and arms industry which aims at laying down a developed strategy in the field of industry.

Meanwhile, Iraq’s Minister of Agriculture and Irrigation, Mr Karim Hasan Ridha, and Bulgaria’s Minister of Foreign Trade Mr Khristo Kristov signed a minutes

regulating bilateral cooperation in the economic, trade and technical fields. The minutes provides for expanding cooperation and increasing the volume of trade exchange between the two countries. In accordance with the minutes, Iraq will enable Bulgarian firms to build new projects in such fields as agriculture, irrigation, industry, health and science.

Meanwhile both Mr Ramadan and Mr Atanasov told reporters after signing the accords that the new agreements were important steps in developing Iraqi-Bulgarian relations.

Meanwhile, in a joint statement issued on the conclusion of Mr Ramadan’s visit said that Mr Ramadan, who arrived in Bulgaria upon an invitation by Mr Atanasov, met with President Todor Zhivkov and handed to the Bulgarian leader a letter from President Saddam Husayn.

The joint statement added that the Iraqi side briefed the Bulgarians on the grounds for establishing the Arab Cooperation Council (ACC) stressing that the Council would support economic cooperation among the member-states to achieve economic integration.

The Iraqi side, the statement said, also informed the Bulgarians of the latest developments of the direct peace talks between Iraq and Iran, and of Iraq’s bids to implement United Nations Resolution 598 in accordance with the Resolution’s operative order to bring about just and lasting peace in the region.

The Bulgarian side highly appreciated Iraq’s positive stands vis-a-vis international peace initiatives and expressed confidence that the talks would achieve peace, the statement said.

The statement added that the two sides reviewed the situation in the Middle East and expressed support for the Palestinian struggle under the leadership of Palestine Liberation Organisation against the Israeli occupation. They stressed that a settlement in the Middle East would not be just and comprehensive unless it is based on the UN resolutions which stipulate a complete and unconditional withdrawal of Israeli forces from the occupied Arab territories, and giving the Palestinian people their right to self-determination.

The statement added that the two sides expressed concern over the recent developments in Lebanon, emphasizing that a settlement to the civil war in Lebanon could be achieved only by peaceful means and on the basis of national reconciliation and political dialogue between Lebanese warring factions. The two sides also condemned the Israeli aggression in south Lebanon.

Mr Ramadan extended an invitation to the Bulgarian Prime Minister Mr Georgi Atanasov to visit Iraq. The Bulgarian Premier accepted the invitation whose date would be fixed later and through diplomatic channels.

ISRAEL

Repercussions of Possible IDF Operations in Lebanon Analyzed

44000408 Jerusalem *THE JERUSALEM POST*
in English 15 Mar 89 p 1

[Article by Kenneth Kaplan]

[Text] The Bush administration's choice of a protracted diplomatic process to defuse the tension in the Middle East slowly could very well explode in its face. Apart from asking Foreign Minister Arens to reduce Israel's level of violence in the territories, Washington seems content to wait until Prime Minister Shamir's visit early next month to take significant steps toward peace talks.

Shamir and Arens, too, seem in no hurry to speed up the timetable.

But what that chosen pace of events seems to ignore is another source of tension in the Mideast—the time bomb ticking away, at an every increasing rate, along Israel's northern border. The United States may well ask itself what the diplomatic fall-out would be if Israel took military action against Palestinian terrorists in Southern Lebanon.

The pressure on the IDF [Israel Defense Force] to act is unquestionably mounting. Experts believe the rate of attempted infiltrations by Palestinian and Lebanese groups which shot up recently will remain high, and even increase, in the foreseeable future. The advent of the dry season will facilitate movement on the ground.

Over 20 terrorists have been killed since the beginning of the year in the security zone or by the border.

The reasons behind this escalation are clear to the IDF. Chief of General Staff Dan Shomron said again yesterday in Jerusalem that recent attacks have been carried out by Palestinian organizations opposed to 'Arafat's diplomacy, though he said it was too soon to say whether these attacks would lead to a split in the PLO. Anti-'Arafat Syria, too, is seen as supporting the infiltration attempts.

Senior Defence Ministry officials concede, meanwhile, that despite the IDF's and SLA's [South Lebanese Army] successes in stopping the terrorists so far, neither the security zone nor the border defences are fool-proof. The laws of probability, these officials say, suggest that eventually one of these terrorist groups is going to make it across the border, and Israelis should be prepared for that.

The current picture confronting the IDF is of infiltration attempts all along the Lebanon border: Non-Fatah PLO groups based in the Sidon area [such as Nayif Hawatimah's DFLP (Democratic Front for the Liberation of Palestine) and George Habash's PFLP (Popular Front

for the Liberation of Palestine)] attack in the west, while in the east pro-Syrian groups like Ahmad Jibril's PFLP-GC [General Command] and the Tal'at Ya'qub faction of the PLF [Palestine Liberation Front] launch their own attempts. The Shi'ite extremists—Hizballah, who also enjoy Syria's protective umbrella in the east—have lately joined the fray.

Should the IDF decide to act, the available options all present serious problems, each with its own set of subsequent diplomatic entanglements. In the east there is very little room to maneuver without entering Syrian-controlled territory, and in the refugee camps along Lebanon's coast the Palestinian groups have surrounded themselves once again with civilians.

One hopes that Shomron and Rabin are aware of the negative repercussions any military initiative could have at this very sensitive time. But the prospect of an unabated wave of terrorist attacks, and the likelihood that one will eventually succeed, is a relentless force demanding they find some means to alleviate this pressure.

The refusal by the United States to address the situation along Israel's northern border, typified by Secretary of State Baker's remark that the United States does not regard the infiltration attempts as terrorist operations, could jeopardize all its other efforts to bring the PLO and Israel closer together.

One may well wonder, however, if there isn't some sinister motive behind the Americans' seeming ignorance of this trend. An Israeli military operation against Palestinian terror organizations in Southern Lebanon, no matter how limited, could provide the United States with the pretext it needs to move closer to the moderate 'Arafat, allowing it to apply even more pressure on Israel. Perhaps the United States is content to sit back and wait for what it sees as the inevitable.

New Settlement, Talmon, Described

44000405 Jerusalem *THE JERUSALEM POST*
16 Mar 89 p 12

Article by Joshua Brilliant]

[Text] Tel Aviv—Jewish residents of the West Bank yesterday moved to a rocky hilltop eight kilometres northwest of Ramallah and established the first new settlement in years.

Although they acted with government approval, it was not clear when, or to what extent, the government will help them. Yesterday they relied on their own financial resources, Finance Minister Shim'on Peres insisting that he had no money for new settlements and that he did not think he ought to find any.

By last night the Talmon settlers had brought in three white caravans—which they paraded by a Gush Emunim demonstration in Tel Aviv on 7 March. Those were immediately occupied. Seven more families are expected there when the weather improves and their caravans are moved from nearby Dolev.

The World Zionist Organization has refused to assume responsibility for Talmon, maintaining that its funds were needed for more important projects.

The Housing Ministry said it would not budge before the Treasury assigned it the necessary funds. Minister David Levi reiterated this policy on Monday afternoon at Ben-Gurion Airport, moments after his return from the United States.

But Gush Emunim's settlement movement, Amana, and the Mate Binyamin Regional Council have undertaken to cover Talmon's initial costs. Pinhas Wallerstein, who heads the Mate Binyamin council, told THE JERUSALEM POST it had unanimously decided to impose a levy on its constituents to help Talmon. It is estimated that a few thousand shekels will be needed each month.

The prime minister's adviser on settlement, Mikha'el Degel, informed Defence Minister Yitzhaq Rabin of the plan to establish Talmon in accordance with the coalition agreement, and Rabin approved the move. Early yesterday, earth-moving equipment began improving the road to the site.

Meanwhile, eight Likud and National Religious Party Knesset members failed to persuade Finance Minister Shim'on Peres to allocate funds for new settlements in the West Bank and the Gaza Strip.

Peres argued that none of the ministers had raised the issue when the cabinet voted on next year's budget. He said the economy was suffering from the intifadah [uprising], money was needed to compensate farmers for losses due to frost, and he expected a loss in revenues because the MKs [members of Knesset] planned to waive some levies.

Even Prime Minister Yitzhaq Shamir, Peres reportedly said, may not be eager to see those settlements rise. More than a month had passed between the cabinet's vote on the budget and Shamir's request for NIS 64 million for the settlements. So "what do you need this for?" Pres reportedly asked.

On emerging from the meeting, Likud MK Ari'el Weinstein said he hoped for a compromise. Weinstein noted that Peres had said the sums involved were too high—and speculated that he might agree to less.

Meanwhile, settlers and their supporters were planning to establish four to seven other settlements that the coalition agreement authorises. Uri Ari'el, head of the

Council of Settlements in Judaea, Samaria and the Gaza District, said they will make "every effort so that the seven are established in the next few months."

A senior government source suggested that the next settlement will likely be Ramat Qidron near Jerusalem. "As far as we're concerned all the settlers have to do is present detailed plans and start working," he said.

KUWAIT

British Role in Rushdie Affair Criticized

44040293 Kuwait *AL-MUJTAMA'* in Arabic
14 Mar 89 pp 38-40

[Article by 'Abd-al-Haqq Hasan]

[Text] The crisis of the "Satanic Verses" and of its author, Indian apostate Salman Rushdie, has escalated and entered the courses and complexities of international politics, thus imposing a cultural and political confrontation between the Islamic tide and world Crusaderism and pushing this confrontation to the forefront of international developments. The crisis, with its far-reaching reverberations, has even eclipsed the peaceful role the Soviet Union is attempting to play in the Middle East in an initiative to mend the rift in its relations with the Islamic world in the wake of the failure of its Afghanistan invasion.

It is worth noting that the Soviet Union, which is trying to mediate the Rushdie crisis and to pacify its consequences, is the party which insistently demanded that apostate writer Salman Rushdie be included as a member of the Asian and African Writers Federation which convened in December 1988, that is two months after the "Satanic Verses" was published in October 1988, even though some members objected and drew the Soviet delegation's attention to lies against Islam in Rushdie's book!

The hostile position which the Crusader forces took in the wake of the threat made against Rushdie brings back to mind that age when Richard the Lion Hearted mobilized other Crusaders and urged them to fight the Muslims. This is why we find that the EEC's uproar and its mobilization of all of its propaganda forces under Britain's leadership at the end of the 20th century is nothing but a state of Crusader backwardness by which the EEC [members] are dragged toward that dark age. Britain, which has led this new Crusader assault, has mistimed itself and has been betrayed by its intelligence agencies which are famous for their expertise and their accurate assessment of political affairs. Probing the Islamic tide's depth and trying to provoke it and to test its strength at this particular time with such base means as the Rushdie book is very different this time from the other time in the 1930's when Bernard Shaw, their philosopher wrote his book, the "Black Girl," in which he attacked Islam and its prophet. But it seems that Britain continues to deal with the Islamic world with backward constants that do

not develop with time or with events. There is no doubt that this issue has proven the British political circles' ignorant assessment of the immediate indications of the crisis, unless some objectives are hidden behind this storm, and this is certain—objectives such as concealing the Crusader plots being currently hatched against the Muslims in Afghanistan, Palestine, Sudan, and Lebanon and as the Soviet Union's endeavor to play in the Middle East a new role that encompasses the consequences of the Islamic awakening. Considering that the Soviet Union is not accused of Crusaderism, it is thus the party most capable of performing the role of the peace dove between the Arabs and Israel and the party most experienced in rallying the Arabs against the Islamic tide. This is one role. Britain's historical role in distorting Islam is nothing new. The orientalists have written thousands of books and what these books contain is more loathsome and false than what Rushdie has written. But what is new is this sweeping rebellion in all parts of the Islamic world against Britain's provocative stance. It is as if Britain is not content with the crimes it has committed against the Muslim peoples' rights throughout history and has thus taken up anew the Rushdie issue and turned it into an issue of Islamic terrorism. Thus, and with cunning malevolence, the Crusader media have turned the victim into the perpetrator and the Islamic awakening into an awakening of murderers and terrorists! Then let Britain ask writer Rushdie and others to publish the records of the crimes it has committed against the Muslim peoples so that the entire world may know who engaged in professional terrorism against the innocent, who annihilated entire peoples and who has distorted the heritage and beliefs of others! Let the descendants of Richard the Lion Hearted read the records of their ancestors which are stained with the blood of those ancestors' victims. Rushdie's book will then represent no more than a faded black dot in a black book, rather books, that would crush the earth and destroy mountains.

What we are presenting is not history from forgotten records but facts and the agony from which we still suffer and political constants on whose basis Britain and the Crusader west, including the United States, continue to task us. A political constant to Britain and a painful agony to us is that Britain's rancors against Islam have never subsided since the church in the west put its hand in the state's hand in an alliance to fight Islam when Salah-al-Din al-Ayubi defeated Richard the Lion Hearted and forced the Crusader forces to withdraw in defeat. Fear continued to pursue these circles and motivated them to mobilize all their material and non-material forces for a new assault which came in successive waves until Rushdie's book was published. What will follow this book is greater and more serious "because the reaction generated by the book has accurately reflected the strength and firmness of the Islamic awakening, thus prompting them to draft new and serious plans to foil this awakening."

It is not unlikely that plans drawn up jointly by the east and the west are already in place and that they are no less vicious than the Crusader attack which led to toppling

the caliphate in 1343 AH. Mustafa Kamal Ataturk, a Doenme Jew who had been groomed by the Crusader and Zionist circles in accordance with a British plan, was brought to separate church from state, to abolish the Islamic laws, to adopt western dress, to eliminate the religious schools and courts, to ban the veil, to execute hundreds of ulema', and to impose laws that rule with ecclesiastical stipulations. This is some of what Britain and the west did. So what do the Crusader forces want from their new onslaught? They want to prevent this Islamic awakening from destroying these Crusader accomplishments now that Crusader schools have struck deep roots and proliferated and that the Crusaders have loyal troops in all the Islamic states created by the Sykes-Picot Agreement and then transformed into weak entities that live day to day on the production of others. Britain worked to impose secular thought and rule on the Islamic countries. The Zionist biblical interpretation began to make its way in the wake of the Sykes-Picot Agreement and planted Israel in the heart of our Muslim east on the basis of the Crusader-embraced biblical prophecy in which the House of Lords believed and which Balfour adopted as his creed and religion. This prophecy was brought to pass and it continues to be protected by the Crusaders' offensive to this day.

This is how Britain brought Israel into existence and how it has resettled on our soil more than 3 million Zionists, the most tolerant of whom bears more hostility and hatred for Islam and the Muslims than a 1,000 Rushdies. Now, it is said that Britain apologizes to the Muslims and regrets the agony that book has caused them. What is Britain apologizing for? Britain played a prominent role in pressuring Germany to pay reparations to the Jews for what they had suffered in Hitler's camps. Who will pressure Britain to compensate us for our history which it has wasted and our heritage which it has defamed for no sin or offense we have committed? The Muslims have never occupied any British territory and it has never been said that they have harmed Britain in either the distant or near past. Britain is the only country that antagonized Islam, invaded its lands and imposed its mandate on them for no reason other than its Crusader malice and its colonialist ambitions. What is Britain apologizing for? For our martyrs who were massacred in Denshway [as published], in Palestine, in Sudan, in Iraq or in Pakistan and India? What is Britain apologizing for? For our plundered resources, for keeping us hostages of backwardness or for denying us the development which we had partly brought about and from which we were then kept away? All this is insignificant. Martyrs live in the presence of their God and property is transitory. But the thing that no reasonable person can tolerate and that no Muslim who is aware of the evil role Britain played can agree to is that we should continue to live on the ecclesiastical legacy which Britain left behind when it departed and that some of us should continue to work, whether out of goodwill or ill will, to

perpetuate Britain's Crusader-rooted legacy in the Muslim peoples' educational, governmental, and social institutions. This generates among Muslims who are protective of their faith the feeling that this greater satan will stay in the Islamic lands as long as secularism continues to exist in them and as long as these lands continue to be ruled by any law other than that which God has revealed. What pains and preoccupies the Islamic world is that the Crusader-oriented secularism has infiltrated every aspect of its life. Rushdie's book will be repeatedly published in several languages and in alarming numbers and slandering Islam in writing will become profitable heresy for every adventurous tramp who falls into the bosom of the crusader west. Moreover, the Islamic countries' and organizations' official denunciation and condemnation will not convince the Crusaders of the virtues of Islam and will not change the image the Crusaders have of Islam. The only way for us to answer the Crusaders effectively is to return to our Islamic roots, to employ the Islamic awakening for an enlightened Islamic revival, to rid ourselves of the Crusader legacy that rules our life and to dump this legacy in the waste basket instead of burning just one book written by an unknown hireling. Moreover, such farces should not divert us from watching the Crusader and Soviet (let us say Crusader-Soviet) plots that are being hatched to impose an alternative secular regime in Afghanistan and to separate South Sudan from North Sudan with British scheming and financing and with instigation by the World Council of Churches. Such farces should not divert us from watching the massacres, the demolition of homes, the displacement of kinsmen, and the starvation that are occurring on Palestine's pure soil, from the plots being hatched on Lebanon's soil, or from the torture, the pursuit and the physical liquidation to which the Islamic homeland's Muslim youth who work to rid our life of the Crusader legacy and to take us back to our Islamic roots are subjected.

Britain, which alleges that it defends the right of every resident on its soil to free opinion and expression, deported a few years ago Amanullah Khan because he was advocating the Muslims' rights in Kashmir. He was deported after being jailed in Britain because, as the British home secretary said at the time, "his deportation serves the public interest." The public interest, as the British policy sees it, is embodied in Britain's position which urges that Kashmir be kept under the Hindu system, not out of love for Rajiv [Gandhi's] policy but out of hatred for Islam and the Muslims. Today, Britain is willing to go to the ends of the world to defend Rushdie and his book, also not out of love for Rushdie but to spite Islam and the Muslims. Britain knocked on every door to impound the book "Spy Catcher" because it exposes its despicable plots against innocent peoples who think Britain is the country of freedom and justice. But Britain is prepared to burn the entire world rather than impound books that assault the beliefs of others. Ten years ago, the British judiciary sentenced the GAY NEWS because it published verses accusing Christ of homosexuality. This judiciary finds nothing wrong with

violating other religions under the pretext of free expression. A few years ago, Britain also produced and adopted the movie "Death of a Princess" which slighted the Muslims and which, employing an extremely aggressive, cynical and arrogant imaginary form, wounded the Islamic values. Even if we tried, we would not be able to cite all the anti-Islamic material carried by the British seen and printed media. Perhaps the way this media portrays the Palestinian people's struggle to regain their rights in the movie "The Entebbe Raid" embodies the harmony between Britain and the Zionist policy, which Britain has planted in the area. In this movie, the Muslim Palestinians are depicted as cruel terrorist murderers whereas the hands which have been massacring the Palestinians are depicted as the model of progress and compassion.

Salman Rushdie is nothing but the product of the environment in which he has grown up and where he has learned and imbibed the hateful and malicious ideas with which British orientalists have filled the public libraries, making these ideas easily accessible to whom-ever has the aggressive tendency and the desire for quick profit. The historical circumstances of the colonialist era have put more than 2 million Muslims on Britain's soil. They came from Asia and Africa in search of a livelihood and have turned into the hostages of this poisoned cultural environment and the victims of the schemes of the missionaries who infiltrate their quarters and bargain with them over their religion and their heritage with all kinds of material inducements to which the Muslim coming from a poor country often succumbs. This is how Rushdie has fallen.

This is how Rushdie has fallen before the British educational system which insists on teaching the orientalists' books on Islam in its schools and on molding the minds of the youth, including the minds of the Muslim community's children, with the orientalists' ideas which say that Muhammad was a Christian priest who rebelled against Rome's church and fled to the Arabian Peninsula where he founded a new religion and wrote the Koran which is similar to the book "A Thousand and One Nights." These are the orientalists' ideas. Rushdie has not invented these ideas. He simply learned them in their schools, as thousands of other Muslim children have read these ideas. A textbook entitled the "The Religions of the World" written by F.H. Herod, depicts Islam's struggle with Zionism and the Crusaders and attributes this struggle to Muhammad's position toward the two religions, saying: "When the Christians and the Jews rejected Muhammad's teachings and refused to acknowledge him, he felt extremely frustrated and proceeded to persecute the Jews in the Arab Peninsula." So it is not surprising that a Rushdie or somebody else emerges every now and then with a malevolent book against Islam. It is not surprising that new prophets, such as Rashad Khalifah who surfaced recently, emerge as long as the official Crusader educational institutions and others insist on teaching the orientalists' books and refuse to enlist the help of the correct Islamic references.

The orientalists' hostile books reflect the state's policy and its historical tendency to prepare its generations for an unceasing war against Islam. But who will rescue the Muslims' sons there from turning into other Rushdies? Will the Islamic centers, which exceed 100 in number but which are ineffective and which do not coordinate with each other, do this? Will the Muslim countries which support some of these centers financially and control them politically do this? Will the denominational sectarian approach to the call for God do it? Will the embassies, whose sole concern is to receive official delegations, to facilitate Arab tourism by their citizens, and to register property and stocks in their citizens' names, do it?

All these circles must coordinate to call for God, must abandon all the secular and denominational lines and must work in unity to please God and support His religion. The Islamic community could be employed in a vigilant manner and made to understand its religious duties and its Islamic issues. This community can also be utilized as an influential card to compel others to understand these issues, rather than resort to worthless diplomatic contacts to achieve this end. But regrettably, the Islamic presence in the British political arena is not commensurate with the size of the Islamic community there. The Sikhs and the Jews have deputies in the parliament whereas the Muslims are second-class subjects and offer an environment ripe for the Britain's missionary scheme which seeks to recruit the weak of faith against Islam. Why should the Crusader missionary groups, such as Jehovah's Witnesses, the Youth Group, the Father David Group, and the Corps of International Brigades [kata'ib al-firaq al-duwaliyah] (all of which are poised to infiltrate the Muslim community in Britain) take the trouble of going to remote parts of Africa long as Muslims are on the streets of London and Liverpool?

New Labor Law Criticized 44040258 Kuwait AL-MUJTAMA' in Arabic 24 Jan 89 pp 10-11

[Article by Tariq al-Hamud: "On Labor Regulation Decree"]

[Text] Al-Shaykh Nasir Muhammad al-Ahmad, minister of social affairs and labor, issued a decree on Sunday, 15 January 1989 that regulates labor in the nongovernmental sector. The decree dealt with matters which have to do with the registration of employers, with employing Kuwaiti citizens and those who are classified as Kuwaiti citizens, and with employing non-Kuwaitis. The decree also dealt with the matter of transferring a work permit to another employer and with canceling work permits.

What Did the Decree Want?

Anyone who reads the details of the decree gets a general impression about the goals which the decree sought to achieve. In our opinion, these goals revolve around two

important concerns: one is security and the other is population. The decree also dealt with the consequences which the security factor and the population factor have on Kuwaiti society.

Concern Over Security

As far as we can tell, it is most obvious that the decree sought to tighten controls on workers who do not have a valid residence permit and who are in the country illegally. The purpose of these controls is to avoid the many negative security considerations which may result from the presence of such people in the country.

On the other hand, the decree is also aimed at those workers who have a valid residence permit but who are working for an employer different from the one for whom they had received their permit. That situation is also worrisome for the competent authorities from a security standpoint.

At any rate, we believe that the decree wanted to show that adhering to special rules and regulations regarding residence and employment in the nongovernmental sector is the other side of the coin in the process of controlling security for a large number of workers.

Concern Over Population

It also appears that sections of the decree sought to achieve a well-considered balance among non-Kuwaiti workers who reside in Kuwait. The text of the decree makes that quite evident. It stipulates that unemployed workers who are citizens of the Gulf area must register with the Ministry of Social Affairs and Labor. The decree also stipulates that when employers submit applications to the ministry to receive work permits for foreigners they want to hire to fill vacant positions they have in their firms, the ministry has the right to nominate those workers who register with it to fill those vacant positions. The ministry may turn down such applications from employers if someone who is registered with the ministry is qualified to fill the vacant position.

Thus, the aim of the decree is to reduce and limit the number of foreign workers in Kuwait and to give priority in filling vacancies to native workers and workers from the Gulf area. All the sections of the decree support that approach by tightening controls on those who employ others.

Negative Effects

Although the principles and goals which are spelled out in sections of the decree to comply with security and population considerations are sound, we do believe that the manner, the means, and the regulations which are employed by the decree to achieve those goals are less than effective. We will limit ourselves here to pointing out some of the possible negative consequences of this

decree. Sometimes, these consequences could hurt business; other times they could hurt the employees. These negative consequences are reviewed below as follows:

1. Employers' Authority Restricted: Article 6 of the decree requires an employer, who submits an application to the ministry for permission to bring a foreigner into the country to fill a vacant position in a certain field in his firm or business, to hire any worker who is registered with the ministry. This article stipulates that the ministry has the right to decline issuing a permit to the employer and to require him to employ the worker who is registered with it. We believe this constitutes unwarranted control and restriction of an employer's authority to select and hire anyone he wants to hire and thinks is competent to do the job which is entrusted to him, regardless of his nationality. An employer's right to make that choice stems from his concern for proper performance at his firm or company. Accordingly, the ministry's refusal to issue work permits to foreigners if its roster contains the names of people who can fill these positions constitutes an unreasonable restriction on an action which an employer has the authority to take. Such restrictions interfere with an employer's business and professional activities.

2. Workers Placed at Employers' Mercy: The decree also missed the mark in another respect by placing workers at the mercy of employers. Article 16 of the decree prohibited the transfer of a work permit from a certain employer to another before at least 3 years elapse from the time of the worker's employment with the employer who is named in the work permit. If the contract between the worker and the employer is terminated during that 3-year period for any reason, it is the employer's responsibility to see to the worker's departure from the country.

In this last provision many of the workers' interests are lost, and an employer is given control over all the workers' capabilities. An employer can virtually enslave a worker, if one may use that term, for a period of 3 years. During that period he can send him out of the country at any time if the contract between him and the worker is terminated.

This is a serious provision that could make workers who fear for their livelihood accept work at any wage. It could make them fear opposing their employer for any reason, even if they were being unjustly treated by him. In this regard we would have hoped for an exemption from such restrictions in those cases in which an employer in the nongovernmental sector violates the labor law. In such a case, a worker could request that his work permit be transferred to another employer.

3. Actual Obstruction of Local Trade Activity: It was not the aim of the decree to take into account the actual working conditions of workers in Kuwait, nor was it intent upon considering the economic clout which these workers represent and have in all branches of the local

trade. Many construction projects, for example, depend on workers, most of whom will be asked to leave the country if the decree goes into effect. And that would have major negative effects on government as well as nongovernment construction activity, which, at the present time, is associated with these workers and with the work they do.

On the other hand, we find that at the present time other sectors, such as the industrial sector, the food processing sector and the commodities sector in general are relying on employing these workers. Implementing this decree could hurt these industries and their economic activities in general, and that would have an effect on the country's economic condition.

If we were to set aside those negative points in the decree which we believe should be altered or at least amended, we still find fault with the decree because it was not preceded by adequate preparation that would make all violators, whether they are workers or employers, correct their conditions promptly in accordance with local laws and regulations. We also believe that the 2-month period given by the decree is inadequate for setting the stage for implementation of the decree.

In general, we believe that the decree in its entirety requires reconsideration. It must be rewritten in a manner that would, on the one hand, take into account the local status quo and its requirements and, on the other hand, strive to achieve justice and enforce the law. The rewritten law should be consistent in general with the goal of preserving the country's security.

Pros and Cons of New City Subiyah Discussed
44040279 Kuwait AL-MUJTAMA' in Arabic
7 Feb 89 pp 12-13

[Article by Salah al-'Isi]

[Text] In recent times, discussion in government agencies and newspapers has revolved around the construction programs announced by the Minister of State for Municipal Affairs. These programs include the construction of the city of al-Subiyah north of Kuwait, and another city in the south, the city of al-Khayran. The initial conceptualizations of the city of al-Subiyah have been formulated with the hope of completing the project in the first quarter of the 1990s. Inasmuch as we have seen that there are several pros and cons regarding the implementation of this project, we would like here to clarify the following aspects.

The Current Concept of the City

Clearer information is available regarding the shape and location of the city of al-Subiyah, compared to the city of al-Khayran, following the visit made by His Excellency the Prince of the country to the site of the city of

al-Subiyah, and the explanation provided by the Minister of State for Municipal Affairs about this city. Currently, al-Subiyah is about 120 km north of Kuwait, in an arid desert area. The current concept envisions al-Subiyah embracing all human services, from markets to cemeteries, and including houses, parks, public utilities and other components of a modern city.

Chalets will also be built on the Kuwaiti coast and on the shore of Bubayan Island, whose services will benefit deserving citizens. In addition, a promenade will be built on Bubayan Island on the pattern of the al-Khayran promenade, and other tourist projects will also be built. In order to shorten the distance between Kuwait City and the city of al-Subiyah, a project has been approved for the construction of a 32-km bridge over al-Kuwait Bay to connect the two cities. There is also a plan to change the current, proposed location of the University of Kuwait from the al-Shadadiyah area to the new city.

Negative Factors

In discussing this city, some citizens have begun to mention the negative aspects stemming from the selection of this site. For example, they maintain that there is nothing attractive about the land comprising the site which would recommend its selection, that the site is too far from Kuwait City, and that the selection of this site would result in high costs regarding everything—surpassing even the cost of the naval city suggested by Dr Ibrahim Majid al-Shahin.

While such talk may be correct, it is still flawed significantly, because it represents a one-sided view of the project, which is based on tangible material factors such as cost and distance, and which ignores more important matters.

Positive Factors

There is the security aspect, which is based on Kuwait's small size, the nature of its location, and its consequential, urgent need to spread its population throughout the country. It is not logical that the Kuwaiti people remain concentrated in Kuwait City, and leave the country's border areas desolate and empty. One of the means to protect the homeland is to spread citizens throughout its territory, and to establish cities for them throughout the country. Therefore, we find that all states of the world establish their cities in different locations, and focus on locating and populating cities near their borders with their neighbors.

Hence, it is necessary to build cities in numerous locations. The selection of the site for al-Subiyah is considered appropriate for a number of reasons:

- This region is considered one of the most beautiful regions of northern Kuwait, offering a location surrounded by the sea on three sides.
- It offers the possibility of connecting the city to

Kuwait City via the al-Subiyah Bridge, which would shorten the distance between the two cities by 80 km.

- It fulfills the need for establishing other cities in the north and south.

The University of Kuwait...a Significant Negative Factor

We differ with the desire of the plan's proponents to transfer the current, proposed location of the university campus from the al-Shadadiyah area to the city of al-Subiyah. We maintain that such a move would be a mistake.

The University of Kuwait is for all Kuwaitis. It is our only university, and should not be built in the north of Kuwait. If there is a need, as was stated, for the university to be near the sea in order to facilitate scientific experimentation, there is nothing wrong in building a specific college on the proposed site of the city of al-Subiyah, provided that the main university campus remain in al-Shadadiyah. The construction of the university campus in the city of Subiyah would lead to one of two possibilities:

1. University students would have to spend 2 hours daily travelling to, and returning from, the university, especially those living in the governorates of al-Ahmadiyah and Hawalli.
2. The construction of housing for men and women students in the university city in order to preclude a long daily commute would present many additional negative factors.

For example, the city of al-'Ayn in the UAE [United Arab Emirates] was built for the same reasons which engendered the al-Subiyah Project. It also became the site for the construction of the University of al-'Ayn, which suffered subsequently from the following negative factors:

- UAE students had to leave their homes and emirates to live semi-permanently in the city of al-'Ayn.
- This matter required the construction of internal housing at a high cost to the state.
- The students experienced the consequences of being away from their families and a family atmosphere for an extended period; it should also be taken into account that the university of al-'Ayn is not coeducational, whereas the University of Kuwait is coeducational.

Conclusion

We wish success for those undertaking the project to construct the city of al-Subiyah, while affirming the need to take into account the viewpoints presented by citizens, in addition to the fact that we have strong reservations about the transference of the proposed site of the university, unless a second university is built for the governorates of Hawalli and al-Ahmadiyah.

LIBYA

Opposition Struggles To Unify Scattered Groups 45000142 London *AL-DUSTUR* in Arabic 10 Apr 89 pp 27-28

[Report by Jamal Isma'il]

[Text] On 10 February, one of the Libyan opposition groups issued a proclamation calling for "all of the patriotic struggler forces" to stick together and join with it "in order to plunge into the battle against the al-Qadhafi ruling regime." This report sheds light on that communique, considering it the most recent in a series of attempts to unify the Libyan opposition groups, attempts which confirm some of the facts and "literature" about the intensity of conflict among the groups being far greater than that between these groups and the regime which they oppose.

The 10 February proclamation was issued by the National Front for the Salvation of Libya [NFSL], which is led by Dr Muhammad Yusuf al-Maqaryaf, and strove to affirm a number of points:

That the NFSL, since being founded on 7 October 1981, has not reserved for itself the patronage or guardianship of the national struggle;

That it had become a force which has the opportunity and the operational capability to accomplish the goals of the national struggle;

That it had this force, "thanks to the masses of the Libyan people rallying around it and to the decision of hundreds of officers, NCO's, and soldiers of the Libyan Armed Forces to join it;"

And that the NFSL would continue to cherish the esteem and admiration "of those who respond to this proclamation, and of all who decide otherwise."

It said that the goal of this proclamation was to strive to achieve the greatest possible amount of rallying around the goals of the national struggle, of which the NFSL considers itself one of the banners.

On the day that the 10 February proclamation reached AL-DUSTUR, one of the adherents of the NFSL said that many circles had greeted it with an open mind and that many "positives" would appear during the next stage.

More than a month after the issuance of this proclamation and before this report was prepared, AL-DUSTUR contacted a senior official of the NFSL who reaffirmed that there had been positive reactions after the proclamation. When we asked him to name the groups which had had positive reactions, he explained that positions had not crystallized and that the opposition groups and personalities had told the NFSL that they were busy

studying the proclamation. He did not name any but the Liberation of Libya Organization, a group which he considered to have responded clearly.

Before attempting to examine the fate of the proclamation, according to the relationships prevailing between the NFSL—the originator of it—and some of the other Libyan opposition groups, on the basis of the "literature" of these groups available to us, it is worth pointing out that the Libyan opposition map bears a considerable number of names of groups and organizations: the Libyan Organization for National Liberation [al-Hay'ah al-Libiyah li al-Khalas al-Watani] [LONL]; the Libyan Struggle Movement [Harakat al-Nidal al-Libi] [LSM]; the Libyan Democratic National Grouping [al-Tajammu' al-Watani al-Dimuqrati al-Libi] [LDNG]; the Libyan National Movement [al-Harakah al-Wataniyah al-Libiyah] [LNM]; the Democratic National Libyan Front [al-Jabhab al-Libiyah al-Wataniyah al-Dimuqratiyah] [DNLF]; the Libyan National Organization [al-Tanzim al-Watani al-Libi] [LNO]; the Liberation of Libya Organization [Munazzamah Tahrir Libiya] [LLO]; the Libyan National Struggle Movement [Harakat al-Kifah al-Watani al-Libiyah] [LNSM]; the National Democratic Party [al-Hizb al-Dimuqrati al-Watani] [NDP]; the Islamic Group [al-Jama'ah al-Islamiyah] [IG]; the Ummah Party [Hizb al-Ummah] [UP]; the Constitutional Union [al-Ittihad al-Dusturi] [CU]; the Libyan National Salvation Army organization [Munazzamat Jaysh al-Inqadh al-Watani al-Libi] [LNSA]; and the Libyan Popular Struggle Movement—the Descendents [Harakat al-Nidal al-Sha'bi al-Libi—al-Ihfad] [LPSMD].

These are in addition to the NFSL. There are also opposition trade unions and federations like the General Union of the Students of Libya [al-Ittihad al-'Amm li Talabat Libiya]; the General Union of the Women of Libya [al-Ittihad al-'Amm li Nisa' Libiya]; the National Association of Artists of Libya [al-Jam'iyyah al-Wataniyah li Fannani Libiya]; and the Libyan National League—Cairo [al-Rabitah al-Wataniyah al-Libiyah—al-Qahirah].

It may be noted in this context that a number of the above groups actually are included under the banner of an alliance—the Libyan National Alliance—whose secretary general is Mansur Rashid al-Kikhiya. It includes the DNLF, the LNSA, the LONL, the LPSMD, the LNSM, the LNM, the LDNG, and the LNO.

It may also be noted that the LNSA, whose name was mentioned among the allied groups in the Libyan National Alliance, is also allied with the LNSF, which is not in the alliance and calls for "all of the national struggler forces" to stick together and join it in its recent proclamation.

This obscurity connected with the position of the LNSA may also serve as an example of the current conflicts among the Libyan opposition groups.

On 21 September, the LNSF and the LNSA issued a communique announcing that the LNSA had joined the LNSF in response to the "repeated sisterly calls issued by the loyal Libyan national forces inside and outside of Libya for the Libyan strugglers to stand shoulder to shoulder and unite their efforts in confronting the al-Qadhdhafi regime."

In this communique, which was written by Dr Muhammad Yusuf al-Maqaryaf, secretary general of the LNSF, and by Jaballah Hamid Matar of the LNSA, the LNSF welcomed the decision of "the brothers in the LNSA organization", and expressed hope that it would find "these brother strugglers in the programs and activities of the LNSF assigned to them, with the rest of their brothers in the front, in attaining the goals of our people and their struggle."

However, immediately after this communique, the LNSA issued a communique on 4 October which affirmed that the LNSA had not made the decision to join the LNSF, and that the 21 September communique was nothing but an individual decision issued by the secretary general "without recourse to the cadres and principles of the LNSA."

It appears that Jaballah Hamid Matar, who held the post of secretary general of the LNSA, had been considered "expelled" from the organization as soon as he issued the communique joining the LNSF. A cable sent to AL-DUSTUR by "Dr Durays," who described himself as the secretary general of the LNSA, indicated that Matar was no longer "in our organization." "Dr Durays" wanted to give us this information because he knew that one of our colleagues had conducted an interview for AL-DUSTUR with Jaballah Matar, and the interview was not subsequently published.

When the publication AFRICA CONFIDENTIAL circulated a report which claimed that Israelis and Americans were running camps in African countries to train LNSF forces, an LNSF communique affirmed that these claims were lies, and its political agent, Ibrahim Sahd, affirmed that the front was used to attempts at defaming it and that it knew the parties which stood behind them. It is true that Ibrahim Sahd did not name those parties but, between the lines, it seemed that he was pointing to "some parties" in the Libyan opposition camp.

Immediately after the "air" clash between Libya and America, the clash which led to the downing of two Libyan aircraft over international waters in the Mediterranean at the hands of fighters from the American Sixth Fleet, a Libyan opposition member, from a group other than the LNSF, stated that Colonel Mu'ammar al-Qadhdhafi had brought about this clash intentionally and ordered his aircraft to oppose the American aircraft in order to attract world attention and foil covert plots being made against him. Details of the "scenario" which the Libyan opposition presented spoke of the existence of an American plan which was set for the middle of

January and called for the landing of American forces which were to occupy strategic facilities in Libya at the same time as LNSF forces were to advance from Chad to take over the positions and bring down the regime.

It may be noted that the Libyan opposition member detailed this scenario after AFRICA CONFIDENTIAL had published what it did about the LNSF forces' camps, that this scenario, if true, confirmed that al-Qadhdhafi's intelligence agencies had tremendous capabilities to find out about the details of an infernal plan, and that al-Qadhdhafi had been able, by a clever maneuver, to foil this plan. This scenario, if true, also confirmed the extent of the existing "coordination" between the American intelligence agencies and the LNSF. It may give one an insight into the "literature" of some of the opposition groups and oppositionists that it may be said that the [importance of] the confirmation of this affiliation was hidden behind the goal of propagating this scenario.

Not all of the effort—the propaganda to be exact—of the Libyan opposition groups is directed against the ruling regime. Some of these groups issue leaflets, circulars, and communiqus to disparage another group. Something equivalent to a leaflet was recently made available to us named AL-HAQIQAH [THE TRUTH], presumably a monthly, but not issued every month, perhaps for material reasons. All of its issues are dedicated to criticizing the LNSF. We are not concerned with republishing the criticism in this leaflet, but will be satisfied with offering an example of the main points of the "conflict."

In the first issue of the leaflet, which is published by a committee called the Libyan Committee for Followup and Evaluation [name followed by exclamation point], the editorial staff of AL-HAQIQAH directs an open letter to Dr Muhammad Yusuf al-Maqaryaf, secretary general of the LNSF, affirming in terms not devoid of sharp attacks that it has decided to carry the discussion between it and Dr al-Maqaryaf into the open.

In the second issue, the publisher, more than 4 months after the first issue, converts AL-HAQIQAH into a special issue which celebrates the reading of a memorandum by a group which has seceded from the LNSF, a memorandum received by the front. AL-HAQIQAH does not hide its bias toward the seceding group and continues in its attacks on the LNSF and its secretary general.

The contents of the fourth [number as published] issue do not differ from those of the issues which preceded it. The fifth issue goes on to derisively recount the relations between the front and some international parties, especially between it and Washington, under a headline reading "Remarks on the International Relations of the Libyan Opposition Groups: The Dividing Line Between Dependency and Independent Political Decisionmaking."

Perhaps, after these indications, it may suffice us to say that the LNSF, which continues, by virtue of "clearly defined" factors, to be one of the largest Libyan opposition groups, is facing criticism and attacks which go beyond the sphere of private meetings and conferences, and which take the form of circulars issued by Libyan personalities who are affiliated with the opposition.

In the light of the preceding information, it is possible for those concerned with the Libyan opposition to ask about the fate of the unification proclamation which the front directed toward "all of the national struggler forces." Those concerned have every reason to ask the following question, "If unification is the concern of the LNSF, why doesn't the front actually join the existing Libyan National Alliance, which includes many of the opposition groups and whose secretary general is Mansur al-Kikhiya?"

No one but the front has the accurate answer to this question, but it appears to the observer that a competition—undeclared perhaps—is going on between the two main leaders of the Libyan opposition groups, Muhammad al-Maqaryaf and Mansur al-Kikhiya.

If this "individual judgment" [reference to Islamic law] is true, the unification proclamation that the front issued on 10 February, if it met a true positive reaction, means that the Libyan opposition is evolving into two main wings under each of which some of the groups are ranked. This certainly is a much better situation for this huge number of Libyan opposition groups, most of whose "foundations" may consist solely of their "leaderships." [All quotation marks as published]

OMAN

Decision Made To Cut Oil Output 44000406e Muscat TIMES OF OMAN in English 9 Mar 89 p 7

[Text] Oman has decided to cut its oil production by five percent following an agreement reached for oil experts from Nopec countries.

In a statement to "Oman Newspaper", the Minister of Petroleum and Minerals, Sa'id Ibn Ahmad al-Shanfari, said the reduction would come into effect from April 1.

He said the Government's decision to reduce production came in line with its continuous support for moves aimed at stabilising the world oil market, particularly the London agreement signed on February 22.

He said the agreement was in the interests of both producers and consumers, and was the result of strenuous efforts to co-ordinate policies among oil producing countries.

Sticking to Oil Production Quota Encouraged Muscat TIMES OF OMAN in English 16 Mar 89 p 2

[Text] The OPEC oil target price of \$18 per barrel will only be achieved if member states stick to their quotas, Oman's Minister of Petroleum and Minerals, Sa'id Ibn Ahmad al-Shanfari, said.

Mr Shanfari also said that it was a mistake to allow prices to rise to \$40 in the early 1980s.

"We hear much talk of prices going above \$18 per barrel for the OPEC basket in 1989, but this will be difficult to achieve so long as OPEC is not sticking to its quotas," Mr Shanfari remarked in an interview with the MIDDLE EAST ECONOMIC SURVEY published this week.

Mr Shanfari said the main thing to achieve was a stable price at a reasonable level for both producers and consumers "and the OPEC target of \$18 for the OPEC basket is reasonable.

"At the same time, the goal of stimulating demand for oil is important.

"It was a big mistake to allow the price to rise to \$40 in the early 1980s and we must be careful not to make such a mistake again."

Reasonable

The Minister said Oman regarded the \$15-16 per barrel it was now getting for its crude as reasonable.

He said he was "very pleased" with the extent of co-operation among independent oil producers to reduce output.

He described the Soviet Union's decision to join in the cutbacks as the "most gratifying development."

"Perhaps the most gratifying development was the decision of the Soviet Union—the world's largest oil producer—to join in our cutback effort," Mr Shanfari said.

He noted this was the first time that the Soviets had ever associated themselves with moves to stabilise prices.

Mr Shanfari urged Britain to co-operate by attending meetings of the independent producer group.

'Only Britain'

He said the group now consisted of 13 states. "That really leaves only Britain still outside. I wish the British would just join in our meetings and listen."

Mr Shanfari said discussions were under way for a meeting between OPEC and NOPEC Oil Ministers at the end of this month following the scheduled session of the cartel's eight-member Ministerial market monitoring committee in Vienna on March 29.

He disclosed that Oman was joining the growing list of oil producers who are sounding out the possibilities of downstream investment.

Mr Shanfari said discussions were in progress with an unnamed neighbouring producing country with a view to studying and planning a joint venture to go downstream together. He said: "We want to explore this area."

New Industry Projects Approved

44000406d Muscat *TIMES OF OMAN* in English
9 Mar 89 p 2

[Text] The Directorate General of Industry at the Ministry of Commerce and Industry issued industrial licences and preliminary approvals for six new industrial projects between February 25 and March 2.

The total investment cost of these projects amounted to OR 122,035 according to economic feasibility studies.

The project for the production of ice in Al Ashkharah in Ja'lan Bani Bu 'Ali will be the largest—its investment cost being OR 77,065.

The next is a project for the production of aluminium in Ghallah—costing OR 19,500 in terms of investment.

The other projects are: Iron works in Wadi Kabir (OR 9,160), carpentry works in Wadi Kabir (OR 4,12) and steel works in Wadi Kabir (OR 4,250).

In Suhar's Handar area, a project will be carried out for the grinding of coffee with an investment cost of OR 7,850.

Incentives to Industry Discussed

44000406b Muscat *TIMES OF OMAN* in English
9 Mar 89 p 4

[Text] A leading Omani businessman has urged the Government to provide more incentives to industry, including a further cut in utility tariffs.

"The government must give more incentives if it is genuinely interested in industrialisation. We need more encouragement, more financial assistance and adequate protection for our new industries", Mr Hamad 'Abdallah at Riyami told the press on Monday.

Electricity charges and land rents for industrial units at the Rusayl industrial estate were reduced in 1987 following repeated requests from the business community.

Factories throughout the country are now charged a standard 20 baizas per kilowatt of electricity and rent on industrial plots in Rusayl has been halved from OR 1 per square metre a year to 500 baizas.

"But this is not sufficient. There are still wide disparities between incentives given by Oman and the other AGCC [Arab Gulf Cooperation Council] countries.

"At least we have to be equal. Otherwise, Oman will soon become a market for products from the neighbouring countries.

"Unless we have the same incentives, we can never compete with them pricewise," Dr Riyami, who is the chairman of the Oman Water Pumps Manufacturing Company and of the Tecodev group of companies, added.

He said although Oman's industrial development was moving in the right direction, "It is going very slowly".

There was an urgent need to quicken the pace with emphasis on more infrastructure facilities, he added.

In reply to a question, Dr Riyami said the newly set up Gulf Industrial Investment Company (GIIC) would give an impetus to private industrial investment in the AGCC.

The \$100 million company, which will enter the capital markets of the six member countries in May with a public issue of shares, is expected to start functioning in October.

All AGCC nationals and private and public sector companies can apply for shares. "However, we prefer that majority of the shares stay within the private sector," Dr Riyami said.

New Plans To Increase Farm Output Reported

44000406a Muscat *TIMES OF OMAN* in English
9 Mar 89 p 9

[Text] New ground in research will be broken by the Ministry of Agriculture and Fisheries in its quest to raise farm output and quality.

Research will be introduced into tissue culture of dates and the mechanisation of cultural practices in major crops.

It will also be looking into cultivation under stress conditions to overcome problems of salinity, moisture and high temperature.

The Ministry said work on tissue culture of dates would ultimately lead to "rapid and mass multiplication of promising varieties".

Mechanisation was being considered for various crops, but the focus would be on pollination and harvesting of date palms. One benefit to flow from mechanisation would be reduced dependence on expatriate labour.

Plans

The Ministry has also unveiled plans for setting up two new research station at Suhar in the North Al-Batinah and at Kamil in Al-Sharqiyah. It now operates seven main stations and subcentres in different regions.

"They are working with maximum efficiency in conformity with available facilities," the Director-General of Agriculture said.

Research stations are located in Rumays, Wadi Quriyat and Salalah with sub-centres in Rustaq, Tanuf, Al-Jabal al-Akhdar and (Qayrun Hirati). Activities cover crop production, pest control, soil and water studies, forestry and bee research.

Expansion of laboratory facilities is in progress in Rumays where the country's first station was established in 1971. A station is under construction at (Jammah) to serve as the main centre for the Interior.

Substantial increases in yields have been registered as a consequence of research in better crop varieties, the Directorate-General said.

Figures it released show that tomato production increased from eight tonnes per acre to over 20 tonnes, sweet melon from four tonnes of over eight tonnes, wheat from 50 kg to 1,200 kg and sorghum from 20 tonnes to 30 tonnes.

Improved varieties introduced successfully in the country during the last few years included 58 in vegetables alone.

Iran's Engineering Products Displayed

Muscat TIMES OF OMAN in English 16 Mar 89 p 2

[Article by Bala Menon]

[Text] A display of Iran's industrial muscle is now on at the Oman Exhibition Centre in Sib. The week-long show of engineering products and equipment was opened jointly on Tuesday by Oman's Minister of Commerce and Industry, Salim Ibn Abdulla al-Ghazali, and the Iranian Minister for Heavy Industries, Mr Behzad Nabavi.

The Iranian Minister's delegation comprises the Deputy Industries and Commerce Minister, Mr Khosrow Taj and some 20 experts.

A team of 60 officials, led by Mr Yadollah Mohammed Begi arrived several days earlier to set the stage for the exhibition.

Some 39 Iranian companies are exhibiting their products which range from automobiles (the Saipa—a version of the Renault 4-Nissan pick-up, Nissan Patrol) to Iran-made Land-Rovers, Mercedes-Benz heavy trucks, earth-moving equipment, water pumps, motor cycles, road-rollers and building materials.

Attending the inaugural function were prominent local businessmen, diplomats and other dignitaries.

An Embassy spokesman told the *TIMES* that Iran was exhibiting such products in Muscat for the first time. There has always been a small Iranian presence in the various Eid and other fairs being held regularly at the Oman Exhibition Centre in Sib.

The organisers have also placed emphasis on agricultural implements "in view of Oman's interest in the subject. The exhibition is being organised to exchange experience and, of course, to promote goodwill".

The spokesman said Iran was planning to hold a larger exhibition in Muscat next year.

Water Protection Zone Designated

*44000406c Muscat TIMES OF OMAN in English
9 Mar 89 p 7*

[Text] Sayyid Shabib Ibn Taymur al-Said, the Minister of Environment and Water Resources, on Saturday announced the establishment of the "Western water well-field protection zone."

The zone includes major Government well-fields which supply water to the Muscat public water supply system from the Wadi al Khawd and Wadi al Rusayl alluvial fans.

It has been designed as a national water development area to protect the existing underground fresh water from contamination, over-extraction of water, intrusion of salt water and unauthorised land development or other developments which will threaten the quality and quantity of fresh water available.

Fog Water Project Under Way

*44000416c Muscat TIMES OF OMAN in English
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[Article by Bala Menon]

[Text] Arid areas are not necessarily without water. A tremendous amount of water vapour passes over land-masses like Oman every day—in the form of clouds and fog—and researchers are now looking into the time, energy and cost needed to tap this source of water.

At a lecture organised at the Council for Conservation of Environment and Water Resources [CCEWR] on Sunday, Dr Robert S. Schemenauer, from the Cloud Physics Research Division of the Atmospheric Environment

Service, Canada, explained how high-level fogs have a liquid content which can be captured to provide a permanent water supply to settlements in the surrounding areas.

Dr Schemenauer's brief visit to Oman, during which he also visited Salalah, was arranged by the World Meteorological Organisation, under the aegis of the local office of the United Nations Development Programme.

Study

The question whether fogs can be used as a managed water supply is now being studied in a pilot project in the north of Chile, and Dr Schemenauer, who is involved in the project, said it had been found that several techniques were being evolved which could be used with benefit in other parts of the world.

Attending the lecture were researchers from Sultan Qabus University and the CCEWR and officials from the Civil Aviation and Meteorology Department and the Ministry of Environment and Water Resources.

The Camanchaca Project, as it is called, was funded by the International Development Research Centre in Ottawa, Canada, and with support from the University of Chile, the Pontifical Catholic University of Chile, the Canadian Atmospheric Environment Service and the National Forestry Corporation of Chile.

The project work involved the study of the meteorological, topographical and microphysical conditions associated with the formation of fog in the area. The scientists then designed and built a massive array of 50 water-collectors—each comprising a mesh nearly 48 metres in area—across the El Tofo ridge. Water collected from fog was taken by pipes to collecting points.

Dr Schemenauer said an instrumented aircraft, a boat, radiosondes and microphysics probes were used to study the atmosphere, wind speeds and sea-surface temperatures to learn about the properties of the fog in the area.

Efficient

The water-collectors proved to be extremely efficient. Constructed of a double layer of nylon mesh strung on poles, the collectors caught the droplets in the fog and dropped them into a trough. The scientists estimated that nearly 65 percent of water in the total fog could be collected, depending on the droplet size.

Dr Schemenauer said: "We could, incredible as it may seem, collect nearly 12,000 litres per day—or 4,380 cubic metres per annum—from the 50 collectors. This water was supplied to a nearby settlement called Chungungo which has a population of 500 and the per capita supply amounted to more than 25 litres per day, eight times the amount of water the villagers previously collected from a mobile tanker."

The cost was high, as with any experimental project. At the site, it would cost approximately U.S. \$1 per litre, while it would cost U.S. \$2 when delivered to the village six km away by pipeline. "This was much cheaper than which they were previously paying for poor quality water and which when municipal subsidy was removed cost approximately U.S. \$8 per litre."

Acid Rain

Dr Schemenauer, who has done extensive work on acid rain and ozone concentration in the atmosphere in Canada, said the main object of the project was to leave a low-technology water production and distribution system in place. The collectors, pipes and pressure stations are all maintenance-free.

One of the astonishing spin-offs of the project has been the afforestation of the area. "Succulent grass started growing at site and the surrounding areas began attracting colourful birds and insects and we now believe that a direct result of a similar project in an arid or semi-arid land where there is fog could be the afforestation of the hills."

"In areas with few conventional sources of water, high-level fogs can provide at least a partial solution to the problem of water and the techniques being worked out in Chile could be applied with success elsewhere. We are now trying to bring down the costs involved."

Yalooni

Later at a question and answer session, Mr Ralph Daly, Adviser for Conservation of the Environment, Diwan of Royal Court, said some similar experimental work was being done in the Yalooni oryx project area. "There is precipitation—from fog coming in very early in the morning from the Indian Ocean and those who sleep outdoors can find themselves drenched."

The Harassis tribesmen of the area, in fact, before they were motorised could survive on this water which was collected in blankets and other materials. Some research is also being done in the hills of Dhofar, with the emphasis on collecting droplets from clouds.

City Road Projects Under Way

44000417 *Muscat TIMES OF OMAN* in English
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[Text] The Directorate-General of Technical Affairs at Muscat Municipality has started work on a number of road projects.

This was announced by Engineer 'Abdallah 'Abbas Ahmad, vice-president of the Diwan of Royal Court for Technical Affairs.

He said that work has recently begun on the roads in the al-Hayl area. About 13 kilometres will be paved.

At the beginning of April, work will start on five kilometre-long roads in the al-Khawd area.

Engineer 'Abdallah said that work is now in progress on cutting the hill road separating al-Hamra and the Yati area. Once this major project is over, the distance would be reduced from 75 kilometres to 12 kilometres.

He said that work on the project for the basic infrastructure of southern al-Khuwayr area is going on according to the plan. There 22 kilometres of road will be paved.

He disclosed that there is a project to link the Ministry of Health to the Ghubrah round-about and the Honda road in Wadi Kabir.

Roads in Darsayt, Wattayeh and Sib will be interlinked and so will store opposite Al-Nahdha Hospital, Mabilah and Ruwi [as published].

At the end of this year, work will start on making the road linking Wadi 'Udday roundabout with al-Amirat area a dual carriageway.

Engineer 'Abdallah 'Abbas said that there are a number of important projects to be carried out by Suhar Development Office. The most important in the project for infrastructural services for al-Hambar Region (second phase).

The project includes asphalting of internal roads, extension of electricity, water and drainage networks, plantation and road electrification.

SUDAN

Southern Parties Announce Withdrawal From Government

45000139 Khartoum *AL-HADAF* in Arabic
27 Mar 89 p 1

[Text] The Union of Sudanese National Parties (Southern Unionist), which comprises 13 parties outside the Constituent Assembly, has announced its withdrawal from participating in the National Unified Front Government. In its memorandum to the president of the Head of State Council, it also announced the withdrawal of its signatures from the transitional program and the national proclamation for peace.

The memorandum of these parties said that the current government does not give expression to the contents of the twelve points of the People's Armed Forces memorandum and the six points of the transitional action program. The memorandum considered this one of the reasons for its adopting the above decision. The memorandum added that the ministerial line-up does not include the parties outside the Constituent Assembly and also reported on the administration of the southern regions, pointing out that the elections have not yet been completed in the South.

The memorandum affirmed that the call for the election of the president of the Council of the South and the representatives of the South in the central and regional governments by the Constituent Assembly deputies is a matter which is not upheld by law. The memorandum considered this to be a dangerous precedent.

INDIA

Text of President's Address to Parliament

Opening

46001350 New Delhi PATRIOT in English
22 Feb 89 p 5

[Article: "Text of President's Address"]

[Text] The following is the text of the President's address to Parliament:

I welcome you to this session of Parliament. I extend to you my best wishes for the successful completion of the budgetary and legislative business which you have before you.

We are celebrating this year the centenary of the birth of Jawaharlal Nehru. A great son of India, he was a role of crucial significance in our freedom struggle and in our formative years as an independent nation. He erected the pillars of our modern nationhood: democracy, secularism, socialism and nonalignment. His ideals are of enduring value. In celebrating his centenary, we rededicate ourselves to his ideals and to his grand vision of an India restored to its rightful place in the front rank of human civilization.

India's basic policy framework was fashioned by Jawaharlal Nehru. Nehru's vision of a democratic, secular and socialist society has continued to guide our social and economic strategy. To Indira Gandhi, we owe its creative development through a period of intense struggle against the vested interests. The planning process, the key element of that strategy, was infused with a new vitality of Indiraji with her renewed emphasis on social justice as an integral part of our pattern of growth. For both Nehru and Indiraji, the defence of India's sovereignty and territorial integrity and India's development as a modern nation were intimately linked with a foreign policy devoted to peace, disarmament and an equitable world order.

As we enter the final year of this Parliament, we can look back with satisfaction to four years of constructive endeavour. Then, we were just emerging from the terrible trauma of the assassination of Indiraji. Terrorists, insurgents and secessionists, on the one hand, and various disaffected elements, on the other, were attempting to throw into question the unity of the country, challenging its integrity and undermining its stability.

But democracy asserted itself and returned a government with a massive mandate. Four years on, the nation is, in much greater measure, in harmony with itself. Discussion and negotiation have paved the way to settlements and accords. The whole of the north-east is now deeply involved in the nation's democratic mainstream. The message has reached all corners of the country that

violence will be met firmly but grievance will be met justly, provided only that arms are foresworn and conformity to the Constitution ensured.

In these four years, economic growth has scaled unprecedented levels of achievement. And this despite a drought of the severest intensity. The Government and the people together faced up to the calamity with fortitude and resolute determination. Whereas every comparable drought in the past had always spelt a major setback, for the first time in the economic history of the country, despite the ravages of the drought, the economy actually recorded a positive growth rate of 3.6 percent, higher even than the average growth rate till the eighties.

Reflecting the deep resilience and self-reliance with which Government policies have imbued the economy, we are now set on a long-term growth path that is upward of five percent and targeted at six percent or more in the Plan to come. Our frontal assault has been on poverty. We have striven to make a dent on unemployment. Our guiding principle has been justice and opportunity for the weaker, the deprived and the oppressed.

A broad, there is greater appreciation of the policies followed by India. An increasing number of countries is recognizing that the path of sustained peace is the one indicted by Jawaharlal Nehru and lit up by Indira Gandhi through four decades of escalating nuclear confrontation and unrelenting power bloc rivalry.

The first indication of the dawn of a new era was the adoption by Soviet Union of the principle of non-violence through the Delhi Declaration. later, negotiations between the United States and the USSR led to the dismantling of a whole category of nuclear weapons, marking the first-ever act of nuclear disarmament since the invention of these terrible weapons. The relaxation of tension is reflected in the scaling down of conflict in several areas of the world.

These developments constitute a vindication of what Nehru and nonalignment have stood for. They also constitute a challenge to us, as inheritors of this great philosophy, to persist till the international community is persuaded to free the world of nuclear weapons and anchor the world order in non-violence. The task for us begins in our region. We have maintained peace in our borders, promoted peace in our region and created an ambience of cordiality and cooperation as has not existed with China for a generation.

All this has been possible only because of our unflinching adherence to the great principles on which the edifice of our nation is being built: democracy which reaches down to every village, secularism which respects all religions and protects the minorities, socialism which seeks the removal of poverty and the ending of unemployment, and non-alignment which guarantees our independence and self-reliance and makes our voice count in the world, an influence both beneficial and decisive.

It is Government's policy to resolve all disputes and differences peacefully. The local sentiments of the people will be respected, but there can be no compromise on the question of preserving the unity and integrity of the nation. The democratic path of dialogue and discussion, conciliation and consensus is open to all those who eschew violence and work within the Constitution. This was demonstrated in 1985 in Assam, in 1986 in Mizoram and in both Tripura and Darjeeling hills last year.

We are determined to eliminate terrorism. We shall persist and persevere till terrorism is rooted out in Punjab. The most powerful weapon in the fight against terrorism is the people themselves. In the face of threats and provocation, the people of Punjab have stood firm against terrorist violence and maintained communal harmony and relations of amity among themselves. They are our greatest strength. It is on them that the Government relies in its endeavours to find a political solution to the problems of Punjab. The Government is open to dialogue. Meanwhile, steps are being taken to prevent support and assistance reaching the terrorists from abroad.

There has been a resurgence of extremist activities in Andhra Pradesh and Bihar. The spurt of extremist violence has been more marked in Andhra Pradesh. The Governments are closely monitoring the situation.

For thousands of years, our civilization has survived vicissitudes of every kind only because it has been rooted in religious tolerance and the celebration of diversity. The major threat to contemporary India comes from the forces of narrow-minded chauvinism. Chauvinism takes many forms: religio-fundamentalist, communalist and casteist, regional and linguistic. It is most dangerous when these forces come together. Fortunately, the people of India have never been narrow in outlook. With the support of the people the Government is determined to fight these forces.

The future of our country belongs to its youth. Already, the bulk of our population is young. The country's population profile grows more youthful with every passing year. It is the aspirations of its youth which the country must meet, it is the participation of its youth which the country must seek. The voting age has been reduced to eighteen. We now call upon our youth to play their full part in the building of the nation.

Electoral reform has been extended to other areas. Commitment to the Constitution has been made the *sine qua non* for participation in the democratic process. The civic rights of the weaker sections have been better assured by making booth-capturing a cognizable. Those convicted of offences against women and the weaker sections have been disqualified from standing for election.

The Government is determined to ensure separation of religion from politics. An act to prevent misuse of religious institutions was passed last year. Other steps will follow.

When I addressed you last year, our people were facing the challenge of an exceptionally-severe drought. The Prime Minister took a personal initiative in extensively touring drought-affected areas around the country. He established a Cabinet Committee on Drought to work up and monitor our response to the challenge. At the instance of the Central Government, and with its massive financial and advisory support, the infrastructure for development built up over the years was effectively utilised for drought relief, drought-proofing and the creation of permanent assets for the community. The public distribution system was strengthened and dynamised to meet the needs of the people. The people, at large, and the kisans in particular, ranged themselves behind the efforts of the Government. We have emerged from this testing trial, resolute and resilient, strong and self-reliant, an impressive example of effective management of a major natural calamity.

The experience of concerting measures to face drought was utilised to equally concert measures to take full advantage of last year's good monsoon. A special foodgrains production programme was launched. In consequence, we have a record kharif output and there is every indication of a very good rabi crop. Outstanding performance has been recorded in cereals. Cotton and sugarcane reached record levels of output. Oilseeds touched a new high, reflecting the achievements of the Technology Mission on Oilseeds.

The year under review has been a year of exceptional economic performance. Having weathered the drought with remarkable resilience, the economy bounded back with renewed vigour. GDP [Gross Domestic Product] growth will exceed nine percent. In the first four years of the Plan, growth will be above the target of five percent. It augurs well for a decisive spurt in growth rates in the eighth Plan. The nation can be confident that we will eradicate poverty and banish unemployment.

The kisan is the focus of Government's attention. Finance for the farmer has been a major priority. The target for direct lending to agriculture by commercial banks has been raised to 17 percent of bank credit. NABARD's [National Bank for Agricultural and Rural Development] line of credit has been enhanced by 30 percent from Rs 1,800 crore to Rs 2,500 crore. Rural and semi-urban branches of commercial banks have been entrusted and empowered to meet the credit needs of villages in their service areas. Village profiles and credit plans have been prepared for half a million villages. A new loan scheme has been launched for the marketing of agricultural produce which enables farmers to receive a loan up to Rs 10,000 against the hypothecation of his crop to the local cooperative.

A new Ministry of Food Processing Industries has been established to ensure better utilisation of farmers' output by inducting modern technology into the processing of food products thus augmenting the income of farmers and generally increasing incomes and employment in rural areas. A new seeds policy has been adopted to provide access to high quality seeds and plant material for vegetables, fruits, flowers, oil-seeds and pulses, without in any way compromising the quarantine conditions. For the coordinated development of inland and marine fishing, a National Fisheries Advisory Board has been established.

Beginning in 1985, Government have taken several policy initiatives to stimulate production and investment in industry, increase efficiency and productivity, promote greater competition and technological upgradation. In consequence, industrial growth has exceeded eight percent per annum over the last four years. Overall industrial growth for the first six months of the current year was 9.5 percent. Growth in the manufacturing sector touched 10.6 percent. The small scale sector registered a 13 percent increase in production. Strong emphasis has been laid on rural industrialisation to remove regional imbalances and give greater employment opportunities. Industrial relations have remained stable and Government have undertaken many measures to improve conditions in different industries.

Equally, Government policies have ensured impressive results in the infrastructure sector. For the three years ending 1987-88, the average annual growth rate has been 7.3 percent in coal, 7.6 percent in railway freight, 7.6 percent in saleable steel, 7.9 percent in port handling, 9.6 percent in power, 10.3 percent in cement and 12.5 percent in fertilizer.

The most encouraging part is that the performance has continued to improve from year to year. Compared with the first eight months of 1987-88, in the comparable period this year coal is up by 7.1 percent, power by 7.6 percent, port handling by 10.2 percent, saleable steel by 11.5 percent, cement by 12.2 percent and fertilizer by 34.5 percent.

Telecommunications to have recorded significant advance in the indigenous development and manufacture of rural automatic exchanges and other telecommunication equipments. A Telecom Commission has been established for expediting the development of telecommunication services in the country.

The public sector has performed well. There has been impressive investment in the public sector in the last four years. Production and profitability are up. As envisaged by Jawaharlal Nehru, our public sector not only holds the commanding heights of the economy but is also becoming efficient and dynamic. A strong and vibrant public sector needs full operational autonomy. The

results achieved this year reflect the Government's desire to give public sector management greater authority and freedom to secure the best results.

After a slow start initially, export performance has improved considerably in the last two years. Exports grew by 25 percent last year and by a further 25 percent in the first nine months of the current year, representing growth of over 50 percent over the two-year period.

We have undertaken a significant expansion in our nuclear power programme. Ten new nuclear powered reactors, based on indigenous knowhow, will add nearly 4000 MW to the country's power generating capacity, in addition to a 2000 MW nuclear power facility being established on the basis of Soviet technology. The emergency preparedness and safety systems in nuclear installations have been significantly upgraded.

Science and technology are being pressed into the service of development. The Indian Remote Sensing Satellite is helping solve problems of rural development such as the location of ground water and flood warning. Many biotechnology products have been developed for application in health and agriculture. The technology of embryo transfer in cows, developed within the country, is being applied to upgrade the stock of milch cattle. The Government is planning to involve CSIR [Council of Scientific and Industrial Research] laboratories in greater measure in programmes of the Khadi and Village Industries Commission.

Technology Missions have begun yielding results. One lakh six thousand problem villages have been provided with sources of drinking water. With the involvement of over 500 voluntary organisations, a mass mobilisation campaign has been launched for extending adult literacy in many States. The Government has launched a Sixth Technology Mission on Dairy Development to give a boost to rural incomes through improved animal productivity and increased milk production.

There are two points of pressure in the economy: prices and the balance of payments. Prices have risen, but it needs to be recognised that the price rise is much less than had been experienced during previous droughts of comparable magnitude. All instruments of fiscal and monetary policy are being deployed for the effective management of the inflation rate. Prices of essential commodities are being closely monitored. The public distribution system is being strengthened.

We need to be very vigilant about the balance of payments. The spurt in exports has to be sustained and reinforced by larger volumes and higher foreign exchange earnings. Imports have to be carefully monitored, with emphasis on efficient import substitution wherever feasible.

Faster growth, especially faster agricultural growth, is the necessary precursor for the removal of poverty. But it is not in itself enough. Therefore, the frontal assault on poverty continues. Governments are spending more than ever before on programmes of asset-creation and rural employment to serve the interests of the poor, the weak and the backward.

The Integrated Rural Development Programme (IRDP) has reached over 25 million beneficiaries. Nearly half the beneficiaries belong to the scheduled castes and scheduled tribes. NREP [National Rural Employment Program] targets for the terminal year of the Plan have been achieved in the fourth year itself. More than four lakh houses have been completed under the Indira Awas Yojana. The Million Sells scheme has been launched for the benefit of scheduled castes, scheduled tribes and freed bonded labour. TRIFED, [expansion unknown] a marketing organisation to ensure a fair price to tribals for their produce, has been started. A National Finance and Development Corporation for the scheduled castes and scheduled tribes has been established.

The National Housing Policy has been passed in Parliament. It accords priority in promoting access to shelter to the scheduled castes, scheduled tribes and freed bonded labour. They, as also the rural landless, artisans, economically weaker sections and low-income groups, are to be assisted in securing affordable shelter. So also are single women, widows and households headed by women.

In urban areas, the most seriously affected are the pavement dwellers. A scheme has been launched in metropolitan cities to provide pavement dweller with dwelling units. A National Housing Bank has been established. Constraints on house building, such as inadequate land and capital are being progressively removed. The report of the National Commission on Urbanisation is being examined.

The implementation of the National Policy on Education made significant progress during the year. Under 'Operation Blackboard', almost 40 percent of the blocks in the country have already been covered. High priority is being given to universalisation of elementary education. An effective beginning has also been made in the vocationalisation of secondary education 256 Navodaya Vidyalayas have so far been established and 40 percent of children studying in these Vidyalayas are from families below the poverty line. Almost 80 percent of the students come from rural areas.

Within each of the disadvantaged sections of Indian society, women constitute the most disadvantaged segment. A National Perspective Plan has been prepared to accord to women their rightful place in the life of the nation and to help them overcome the burdens imposed on them by family and society. The Plan seeks to outline a long-term policy for the upliftment of the Indian

women. It aims at strengthening their economic independence and raising their social status. It attempts to assist them in participating to the full in the development of the country.

The development process has much more than an economic dimension. At our present stage of development, the process confronts three major challenges: Preservation of the environment, conservation of our culture, and involvement of our people.

To ensure better environmental protection and to better maintain the ecological balance, the National Forest Policy has been substantially revised. The forest Conservation Act has been strengthened. The law on water pollution has been made more stringent. The Ganga Action Plan has made significant progress. For the cleaning of the Ganga, the government has sanctioned 262 schemes costing Rs 256 crores. Forty-five of the schemes have already been completed and the rest are being implemented expeditiously. An institutional framework has been envisaged to regulate installations producing hazardous chemicals and to deal with disaster.

In a period of rapid economic and social change, our moral and spiritual values come under strain. We are confronted with the insidious danger of crude acquisitiveness in disregard of compassion, tolerance and the common weal as the underpinnings of the value system.

Culture is among the most effective of vehicles for the conservation of our quintessential values, for national integration, for the celebration of our diversity, for preserving our unity in diversity, for keeping ourselves open to wholesome cultural influences from outside, and of evolution through synthesis. It is these characteristics which through millennia have ensured the continuity of our civilisation. It is therefore crucial that we preserve and develop our mosaic of cultures—classical, folk and tribal. It is even more important that we disseminate to the people at large an awareness and familiarity with our glorious heritage. It is these objectives and priorities which form the Government's cultural policy.

There is pressing need for genuine participation in the planning process of the people at the grass roots. That is the only way in which local needs and local priorities will receive the emphasis they require. We must entrench the third tier of our democracy to ensure representative institutions at the village, tehsil and district levels to effectively and efficiently undertake the planning, implementation and monitoring of development programmes. Therefore, a major priority for Government this year will be the revamping of Panchayati Raj institutions and the recasting of their powers and functions. The Government intends to bring forward a major legislative programme to devolve power to the people.

We are now preparing the Eighth Plan. The Government will endeavour to build the Plan upwards from the district level or even lower to State Planning Commissions and Yojana Bhavan. We have targeted a growth rate of 6 percent per annum in the Plan. Employment generation is receiving special emphasis. We attach the highest priority to providing productive work and employment to the youth of our country. It is only thus that the twin problems of poverty and growth can be successfully tackled. This is the key to the involvement of our youth in the great task of building the nation.

As we survey the international scene today, there are reasons for optimism, though not for complacency. An important step towards nuclear disarmament has been taken with the INF Treaty.

Better understanding between major military powers is also reflected in a reduction of tension in several parts of the world, even solutions to seemingly intractable problems. Confrontation is increasingly giving way to dialogue. It is a matter of satisfaction that these constructive trends have their philosophical underpinning in the principles and non-alignment, Panchsheel and the Delhi Declaration of 1986. There is, however, need to ensure that in the process of finding solutions, we contribute to the building of a better and more democratic world and that the interests of the countries concerned are not bypassed.

At this historic juncture in international affairs, it is incumbent on the Non-aligned Movement to play a decisive role in taking the processes of disarmament and peaceful coexistence to their logical conclusion. The objective, as set out in the Action Plan which the Prime Minister presented to the United Nations in June 1988, must be the elimination of all nuclear weapons and the reduction of conventional arms and forces to minimum defensive levels along with the need to root the world order in non-violence.

Within our region, the process of cooperation through SAARC [South Asian Association for Regional Cooperation] has begun achieving tangible results. People to people contacts have begun to expand, opening the way towards making regional cooperation into a people's movement. Agreements on food security and suppression of terrorism are in place. 1989 has been declared the SAARC Year against Drug Abuse. A useful start has been made in exchanging operational information on trafficking in drugs transiting through countries of the region, as also in exchanging ideas on drug counselling. Work has begun on a comprehensive study on preserving the environment and dealing with natural disasters. The decision to draw up a regional perspective plan on basic needs will help focus on common problems of the region.

With the Prime Minister's recent visit to China, we have embarked on a new and positive phase in our relations with that country. The cordial and constructive discussions held with Chinese leaders have opened the way for

a stable, peaceful and mutually beneficial relationship between the two countries. This is a development of great significance for regional and world peace as India and China, together, represent a third of humanity.

There is to be a Joint Group on economic relations, trade and science and technology. A Joint Working Group is being set up to consider measures for resolving the boundary question in a fair, reasonable and mutually-acceptable manner. Both sides have reiterated their commitment to the Five Principles of Peaceful Co-existence in their bilateral relations and as the basis for building a new international order.

We have welcomed the emergence of a democratically-elected Government in Pakistan. We look forward to working with the new Government in reducing tension and expanding cooperation. During his visit to Islamabad, the Prime Minister had extensive discussions with Prime Minister Benazir Bhutto. Three agreements were signed, which should help to build mutual confidence and trust and promote greater interaction among our peoples.

There has been significant progress in implementing the provisions of the Indo-Sri Lanka Accord, thus meeting the legitimate aspirations of the Tamils within the framework of Sri Lanka's unity and territorial integrity. Elections were held to the North-Eastern Provincial Council and a popularly-elected Provincial Government is now in place. Legislation has been enacted to make Tamil an official language and to resolve the pending problem of stateless Tamils of Indian origin. Presidential and Parliamentary elections have been conducted successfully. With the improvement in the situation, we have been able to withdraw some of our troops. We salute the dedication and bravery of our armed forces in discharging their duties.

Our friendly neighbour Maldives was faced with an armed threat to its freedom and democratic order. We responded promptly to Maldives' request for assistance to counter this threat.

For his bold and imaginative initiatives, which have contributed significantly to the improvement in the international climate, Soviet President Mikhail Gorbachev was awarded the Indira Gandhi Prize for Peace, Disarmament and Development. Relations between India and the Soviet Union have reached new levels of closeness, range and importance.

The significance we attach to our friendship with the Soviet Union is highlighted by the extensive exchange of visits between the leaders of the two countries. The wide-ranging discussions which the Prime Minister had with President Gorbachev have further strengthened our understanding, provided an impetus for intensifying exchanges and given a new direction to our future cooperation. Our programme for cooperation in science and technology is particularly promising. My own visit

to the Soviet Union for the closing ceremony of the Festival of India provided an opportunity to have very useful discussions with Soviet leaders. The Festivals have enriched the friendship, goodwill and understanding among our peoples.

Our relations with the United States have improved considerably with an expansion in technical exchanges and economic cooperation. The United States is now our largest trading partner and an important source of high technology. There is a better awareness of the need to build a constructive relationship and understand each other's point of view.

Withdrawal of Soviet troops from Afghanistan has been completed. The need of the hour is a peaceful political settlement so that further bloodshed can be averted in that country and conditions created for the safe return of the refugees. The Geneva accords must be fully honoured by all the parties concerned for ensuring the independence, integrity and nonaligned status of Afghanistan.

India was among the first countries to accord full recognition to the independent Palestinian State. Chairman Yasser Arafat visited Delhi for consultations. We have welcomed the commencement of a dialogue between the U.S. and the PLO. It is our hope that it will soon be possible to convene an International Peace Conference on West Asia, under UN auspices, with the participation of all concerned.

There are prospects of progress on the question of Kampuchea. We have been in touch with all parties concerned. The Prime Minister had extensive discussions with General Secretary Nguyen Van Linh of Vietnam. We are ready to assist in efforts to find a political solution which ensures the sovereignty, territorial integrity, independence and non-aligned status of Kampuchea.

We have welcomed the accords on Namibia. However, Pretoria must be forestalled in any attempt to subvert Namibia's transition to independence by preventing free and fair elections. International pressure must be maintained on Pretoria to end apartheid. In Fiji too, moves to institutionalise racial discrimination must be resisted.

During the year, I visited the USSR, Mongolia, the Netherlands, Finland, Czechoslovakia, Cyprus, Bhutan and Pakistan. The Vice-President visited Mauritius, Trinidad and Tobago, Guyana and Surinam. The Prime Minister paid visits to Japan, Vietnam, Syria, the Federal Republic of Germany, Hungary, Jordan, Yugoslavia, Spain, Turkey, China and Pakistan. These visits have promoted mutual understanding and cooperation.

We also received many foreign dignitaries including the Premier of the Democratic People's Republic of Korea, the Prime Minister of Singapore, the Crown Prince of Jordan, the President of Afghanistan, the President of Mozambique, the President of Bangladesh, the King of Nepal, the

President of Kenya, the Chairman of the PLO, the President of Angola, the Prime Minister of the Netherlands, the Governor General of Mauritius, the Prime Minister of the People's Republic of Kampuchea, the President of SWAPO [South-West African People's Organization] President Gorbachev, the President of the Maldives, the Prime Minister of Malta, the General Secretary of the Communist Party of Vietnam, the President of France, and the Prime Minister of Australia.

Ahead of us lie exacting challenges and exciting opportunities. You are the repositories of the people's will. In you vests the responsibility of realising the people's dream. We are launched upon one of the greatest essays in social transformation ever undertaken in the history of humankind. The task is so great, and sometimes so daunting, that we are often overwhelmed by how much more needs to be done. We sometimes tend to belittle how much has already been achieved. A balanced perspective is needed.

There has been more growth, more social justice in the last 40 years than in several preceding centuries. Our people are being liberated from the shackles of poverty. The pace needs to be accelerated. Our youth are being offered vistas of expanding opportunity. These vistas need to be broadened even more rapidly. Centuries of social oppression and discrimination are being ended. The process needs to be pushed forward even quicker. We will succeed, and succeed soon, because we build on firm principles, principles bequeathed to us by our millennial civilisation, principles steeled in the furnace of the freedom struggle, principles tried and tested in four decades of nation building. So long as we remain true to these principles, true to our priorities and true to our goals, the new India will emerge from this transition and fulfil its destiny.

Gandhi Meets With Press After Naval Review
46001367 Bombay *THE TIMES OF INDIA* in English
17 Feb 89 p 1

[Article: "PM Mum on Arms Export"]

[Text] On board INS Viraat, Feb. 16 (UNI)—The Prime Minister, Mr Rajiv Gandhi, said today that there would be a major jump in defence production by the increase of efficiency but refused to comment on whether the country would become an arms supplier.

Talking to newsmen after witnessing three hours of naval exercises conducted somewhere in the Arabian Sea, Mr Gandhi said he would have to speak to the defence minister, Mr K. C. Pant, on his reported statement that India would shortly export arms.

Asked whether there would be increase budgetary allocation for defence in the forthcoming Union budget, Mr Gandhi said, "it is a sore point. One will have to wait and see what is in the finance minister's bag," he said without giving anything away.

To a question about the Pakistan prime minister, Ms Benazir Bhutto's singling out India's acquisition of a nuclear-powered submarine during her talks, with the Chinese leaders, Mr Gandhi said INS *Chakra* was acquired only for training purposes.

Asked whether more such submarines would be acquired he replied with a categorical 'no'.

Reacting to the Pakistani concern about India's nuclear options, he said, the country's nuclear programme was "entirely peaceful, completely open-audited in the civilian sector and dragged through Parliament."

Earlier while addressing the officers and sailors of the INS *Viraat*, Mr Gandhi drew their attention to the changing geo-political scenario, and the reassessment of the relations between superpowers, and asked the navy to be vigilant.

Stressing the fact that the increasing tension in the Indian Ocean had to be watched and the over two million sq km of exclusive economic zone guarded, he said the navy would have to play a major role in this task.

"The operations in Sri Lanka and Maldives have proved that the Indian Navy can get mobilised in a short time and operate with great effect," he said.

The navy displayed its three-dimensional strength and equipment and system of the most advanced kind. The armada consisting of four destroyers, two Godavari and five Leander-class frigates, apart from the aircraft carrier INS *Viraat* sailed in the morning from Bombay harbour.

Mr Gandhi, who spent the night on board INS *Viraat*, left in the morning for a brief while to attend an inaugural ceremony of the Oil and Natural Gas Commission platform off Bassein.

On his return the exercises commenced with three missile boats, *Veer*, *Nirbhik* and *Nipat* passing by at high speed. They were followed by a submarine demonstration led by the nuclear-powered submarine INS *Chakra*.

Mr Pant, the Lok Sabha speaker, Mr Balram Jhakar, the minister of state for defence, Mr Chintamani Panigrahi, the three service chiefs, the governor, Mr Brahmananda Reddy, chief minister, Mr Sharad Pawar, members of the parliamentary consultative committee and many former chiefs of naval staffs also witnessed the exercises.

The highlight of the exercises was a spectacular air demonstration by the Sea Harriers, Sea Kings, Kamovas, and Chetaks based on *Viraat* and the firing of surface-to-air and surface-to-surface missiles by the destroyers *Ranviyay* and *Rajput*.

Papers Report Gandhi Speech to Congress-I MP's

Dissidents Warned

46001372 Calcutta THE TELEGRAPH in English
21 Feb 89 p 1

[Article by our own correspondent: "Rajiv Warns Dissidents of Stern Action"]

[Excerpt] New Delhi, Feb. 20: The Prime Minister, Mr Rajiv Gandhi, today warned the dissidents within the Congress(I) of disciplinary action if they tried to weaken the party.

In his hour-long speech to the Congress(I) Parliamentary Party (CPP) [Congress Parliamentary Party] attended by nearly 450 MP [Member of Parliaments], Mr Gandhi said no act by partymen that might weaken the party and endanger the viability of Congress governments would be tolerated.

This is the first time Mr Gandhi has addressed the party on the current dissidence.

He admitted that since the party was a "big family," opposition or dissidence to a certain level and in a democratic way was permissible. "In a large [passage omitted] family like ours, there could be different perceptions, but no indiscipline is going to be tolerated." He, however, did not specifically mention any of the states—Bihar, Rajasthan or Gujarat—where the dissidents are active.

Mr Gandhi said the National Front represented "chauvinistic, parochial forces." It was posing a threat to national unity and all the good that the Congress had achieved during the past 40 years, he said.

In probably his most hard-hitting statement against the National Front, carefully sparing the left parties, Mr Gandhi said, "It is a totally unprincipled (Front) without an ideology and common programmes, a ganging up of parochial and casteist forces which will engender divisive tendencies. It is a coalition of corrupt elements and their claim that they will fight corruption is hardly a fact that can be taken seriously."

Without naming anyone, Mr Gandhi said some of the Front leaders had openly advocated creation of a "Khalistan."

Coming back to corruption, Mr Gandhi said the Congress had acted promptly whenever something had come to light. "We have taken action against one Governor, one Cabinet minister and three chief ministers on grounds of morality and public ethics." But despite indictment by commission of inquiry, high courts or the Supreme Court, Opposition leaders continued to hold posts.

Mr Gandhi said the achievements during his past four years at the helm of affairs were quite encouraging, with the national growth rate exceeding the target. In industrial and export sectors too the government had achieved remarkable success. However, the Opposition parties "without an economic policy, will take the country away from the policy of self-reliance."

Mr Gandhi also criticised the Opposition for criticising the armed forces for their "glorious role" in the Maldives and Sri Lanka. He reiterated that his visits to China and Pakistan recently was aimed at normalising relations with the two neighbours.

He hoped that a sovereign, independent and nonaligned Afghanistan would soon have a broadbased government without any outside interference.

Front Actions Scored
46001372 New Delhi PATRIOT in English
21 Feb 89 p 1

[Excerpt] [Passage omitted] CPP [Congress(I) Parliamentary Party] secretary P. N. Sukul, who briefed newsmen, justified the onslaught saying, after all it was election year. In response to a question both he and AICC [All India Congress Committee] spokesman Ghulam Nabi Azad clarified that Mr Gandhi attacked only the front members, not the Left parties. Mr Gandhi did not refer to the problem of dissidence in his party. All that Mr Gandhi said, according to them, was in a large family, there could be different views and perceptions. But indiscipline could not be tolerated as it only weakened the party.

The Prime Minister told his party MP [Member of Parliament]s that various leaders of the front had been indicted by commissions on inquiry, high courts and the Supreme Court for nepotism, monetary corruption and even crimes like murders for political reasons.

These chauvinistic, parochial and nepotist forces could not provide an alternative to the Congress.

Mr Gandhi accused the opposition of "supporting terrorists and secessionist forces." Their members had spoken in favour of Khalistan. He warned, theocratic state will break up the country. "They call the Congress corrupt. But when a corrupt person leaves the Congress, the label of corruption disappears. The Congress acts promptly whenever something comes to light. We don't depend on hearsay. We have taken action against a Governor, a Cabinet Minister and two-three Chief Ministers on grounds of morality and public ethics."

On the other hand, individuals in the front had been clearly indicted. But they had no morality (to quit).

Mr Gandhi charged the front with taking "retrograde steps with engender divisive tendencies." It is an "unprincipled front" with no ideology and no common programme, Mr Gandhi said.

Mr Gandhi said the economic policy of the National Front envisaged an end to the planning process and self-reliance "policy that would lead us to debt trap."

The Prime Minister said the front leaders had even denigrated the Indian armed forces, specially for their roles in Sri Lanka and the Maldives, although "our forces acted gloriously and heroically."

Mr Gandhi also alleged that the front was endangering "our carefully built up relations with the Soviet Union and the United States and even with the new economic powers like Federal Republic of Germany and Japan.

"They have ignored completely our strategical nexus with other countries," he said.

The Prime Minister said the front had no economic policy which was clear from the way their governments were going in different States.

These State governments brought setbacks to modernisation, economic growth and to the implementation of anti-poverty programmes.

Reviewing the economic development of the country during the last four years, Mr Gandhi said the economy was in a very good shape now and the growth of Gross National Produce (GNP) might cross five percent as targeted.

Mr Rajiv Gandhi said India wanted a broadbased government in Afghanistan without any outside interference.

The Prime Minister also appraised his party MPs of his visit to Pakistan and China.

In relation to Sri Lanka, he pointed out that India's policy had been vindicated by the recent elections held in the island country. Those advocating violence there had lost the people's support. The steps taken by India had helped meet the aspirations of Tamils within Sri Lanka's unity and territorial integrity.

Developments in Indo-Soviet Cooperation Reported

Joint Venture Pact
46001368 New Delhi PATRIOT in English
19 Feb 89 p 9

[Article by our staff correspondent: "India, USSR Sign Joint Venture Pact on Production Cooperation"]

[Text] India and the Soviet Union have for the first time signed joint ventures in production cooperation, marketing what Commerce Minister Dinesh Singh described as the beginning of a new phase of trade relations between the two countries.

Three ventures for the setting up and renovation of leather tanneries in the USSR and a venture for the manufacture of jute products in India were signed on Saturday in the presence of visiting Soviet Deputy Premier Alexandra P. Biryukova and Mr Dinesh Singh, following detailed discussions by the two sides.

The signatories are representatives of the Soviet light industries' organisations and the Indian companies, Aero Traders and Liberty for leather and Birla Jute Mills for textiles, an official note said.

Besides, a memorandum of understanding was signed by the two sides for conversion of Indian fabrics into readymade garments for use in the USSR within the framework of the Indo-Soviet trade protocol for 1989.

Currently, 55 joint venture proposals and 61 production cooperation proposals are being discussed between India and the Soviet Union.

Of the joint venture proposals, 24 are for Soviet investment in India in computers, electronic components, jute products, transportation services, processed foods and others. Thirty one of the proposals are for Indian investment in the Soviet Union in newsprint, paints, leather goods, tanneries, polyester filament yarn, hotels and restaurants.

The production cooperation proposals relate to metallurgical equipment, turbo generators, food processing machinery and others. Of these, 17 contracts worth Rs 123 crore have been finalised.

The memorandum of understanding [MOU] for export of readymade garments was signed by Indian Commerce Secretary A. N. Verma and Soviet First Deputy Minister for Light Industry E. I. Razumeev and Deputy Minister for Trade S. E. Suruhanov. The MOU would be over and above the provisions for readymade garments exports to the USSR already agreed upon for 1989.

Trade turnover between the Soviet Union and India reached nearly Rs 5,200 crore in 1988, marking an increase of almost 1,000 crore over the previous year for which the figure was Rs 4,192 crore. Projections for the current calendar year are Rs 7,000 crore.

Speaking on the occasion of the signing of these agreements. Mr Dinesh Singh congratulated the visiting Soviet Deputy Prime Minister, Ms Alexandra P. Biryukova on her successful visit to India, which had resulted in finalisation of these joint ventures and said he was confident that "the visit will enhance the areas of our bilateral relations both economic and political." Ms Biryukova, who also had separate discussions with Mr Dinesh Singh, observed that so far cooperation had been confined to the services sector. But now with joint ventures in production operations, bilateral trade was set to increase manifold within the next few years.

Apart from the joint venture proposals finalised on Saturday, Mr Dinesh Singh said a long-term programme had also been worked out between business organisations of India and the Soviet Union for cooperation in the leather sector. Further details would now be worked out by the respective organisations.

Planning Panel Member's Comment

46001368 New Delhi PATRIOT in English
26 Feb 89 p 9

[Article by A. A. Bizman: "Time to Harness, Indian, Soviet Technologies"]

[Text] India's Planning Commission member Abid Husain, has rightly put across the changing perception of how new dimensions are surfacing in the sphere of Indo-Soviet economic cooperation. *"The time is ripe," he underlines, "to move away from what I can call the 'coffee and cashew' syndrome and think of India and the Soviet Union as equal partners in the area of new technology."*

This perception flows from realism in assessing economic trade and cooperation situation with strict objectivity. Talking of 'frontier technology', which is based on frontier science, he claims that Indian scientists and technologists are *"in the forefront in areas like microelectronics, telecommunications, computers, software, chemicals, biotechnology and materials science."*

From this he concludes that an ideal situation now prevails "to bring the fruits of new generation technologies to bear on the *Perestroika* programme in the Soviet Union and the modernisation drive in India." The coincidence is excellent!

The proximity is so oriented that they, the Soviet Union and India, can together harness the technologies of tomorrow to meet their indigenous needs. And the overflow will have the potential to negotiate other foreign markets.

Once a nation takes to the right road to progress and self-sufficiency, there is no stopping it halfway. Only perspective has to be clear and focus accurately set. In the 50s Japan was condemned to be imprisoned by its "bamboo" technology. Even today India is supposed to be offering nothing but what it was supplying to the Arab world before the advent of Islam in India—"coffee, tea, spices, bananas"—with the addition of only "sanitary manhole covers." This is what may be termed as "manhole" disinformation.

But life-experience is a little larger than just a manhole.

Mr Abid Husain's figures would speak for themselves: "The fact that it exported \$200 million worth of modern drugs and pharmaceuticals last year, of which \$80 million to the USSR, is not widely known. The fact that it exported almost \$100 million of software to the United States is not also widely recognised."

The cooperation is definitely taking a different course. The two-way trade performance is no longer restricted to research and development "alone." It is breaking out of traditional framework. Such are the economic imperatives of the changed times.

One such vital projection is in the field of banking. Indo-Soviet cooperation in banking promises a creditable take-off. The cooperation in the area of finance is poised for mutual commitment of expanding economic interests. The agreement with Reserve Bank of India arrived at by the Soviet Vneshekonombank was the first firm step in this direction. The Soviet Foreign Economic Bank was to launch its branch in Bombay. Similarly, the agreement with the Industrial Development Bank took time to go over various details of the involved problems. They were settled through positive negotiations. It all centred around "the early signing of a credit agreement."

Now all international commitments by the Soviet Union governed by economic restructuring, that is *Perestroyka*. It envisages switching of Soviet enterprises to a fully self-supporting regime with autonomy in production, planning and financial spheres. The result is "dramatic changes" in various spheres of price fixing and marketing. It will reform the internal economic norms but would also recondition foreign economic relations and control interconnecting channels of money transactions, including credit mechanisms.

The Soviet economic commentators are assessing the role of Indian commercial banks. They are not only "extending financial assistance but also providing consultancy services to Soviet organisations or their Indian partners in the joint venture and production cooperation outfits."

As such, a direct but invisible relationship has come to be established between Indian and the Soviet Union, refashioned by *Perestroyka* as projected in Soviet economic relations with the external world, more so with the Third World, which is seeking out means to get out of the debt trap.

But let there be no illusions about miracles, warns Y. Radhakrishnan, Representative of the Reserve Bank of India in Moscow. The fact, however, remains that "the scenario has changed and is fast changing." There is no doubt that the area of Indo-Soviet economic cooperation has entered a new phase with productive interest in the mutuality of banking relationship.

Perestroyka has done many good things. And from the Indian point of view. This is certainly one of them.

Acceptance of Dalai Lama Plan Urged
46240038b New Delhi JANSATTA in Hindi
11 Mar 89 p 6

[Editorial: "Using Force or Talk"]

[Excerpt] In order to crush the rebellion, China has enacted martial law in Tibet and forced all foreigners out. The Chinese leaders hope that the people will finally get tired and accept their fate. Just like in any martial law, they have banned all kinds of meetings, processions, and news. They do not even allow religious observations. This is not the first time that the Chinese have treated the Tibetans like this. When many years ago, the Tibetans had rebelled the first time, hundreds of thousands of Tibetans had to take refuge in India and Nepal. China still could not control the Tibetan people. The Tibetans have rebelled several times during the last few years and people have died in police firings. Getting the Panchen Lama on its side did not help China much. The Panchen Lama began to criticize the Chinese government. The Dalai Lama whose anti-Chinese activities were banned by the Indian government is the only accepted leader of the Tibetan people. It is obvious that their own culture and life style is very important for the Tibetans. Tibet has used this cultural integrity, instead of administrative expertise or political unity, for thousands of years as a symbol of its unity. China is trying to destroy this identity.

The Tibetans are not opposed to the use of modern technology or economic progress as long as the price is not total submission to the Chinese culture. Chinese government has become more flexible after Mao's death. The glasnost that is being practiced in the USSR now actually started in China several years ago. Tibet has also benefited from it in the form of some religious freedom. This religious freedom, however, was very little. Some religious places were allowed to open as a token. Obviously, the people are not satisfied. They are aware that China has forced hundreds of thousands of Tibetans to live abroad and has made Tibet a Chinese colony. The communist rulers of China have given more freedom to Tibet mostly because the economic progress in this area was very slow. The permission to trade with India was also given because keeping Tibet under the military and police regime was very expensive. These steps, however, did not remediate the ills. The real cure of the Tibetan problem is to give independence and the right to self-government to these people.

[Passage omitted] The Dalai Lama is still firm about his proposal. He proposed to talk with the Chinese leaders again this past January. It appears that the Chinese leaders do not trust the Tibetans yet. They tried to blame the recent violent demonstrations on the "Dalai group" and foreign agents. The Dalai Lama has showed a considerable flexibility in dealing with the Tibetan problem. He considers the present Chinese government to be more cooperative than the former one. There appears to be a good possibility of a mutually acceptable agreement.

The flexibility that the Dalai Lama has shown can play a very important role in removing the distrust between the Tibetan people and the Chinese government. But, is China willing to solve the Tibetan problem peacefully?

Upper House Told Why ASLV-D2 Satellite Failed

46001357 Madras *THE HINDU* in English
1 Mar 89 p 11

[Text] New Delhi, Feb. 28—The salient features of the conclusions of the Failure Analysis Committee (FAC) on the abortive launch of the second development flight of the Augmented Satellite Launch Vehicle (ASLV-D2) on July 3, 1988, were given in reply to an unstarred question by Dr. Narreddy Thulasi Reddy (TDP) [Telegu Desam Party] in the Rajya Sabha today.

The FAC has concluded that the launch had failed "due to the loss of control at the maximum dynamic pressure region resulting in excessive build up of the yaw angle of attack and the flight loads exceeding the acceptable limits." This, according to the committee, caused the break-up of the upper portion of the vehicle at about 50.4 seconds after the lift-off. It is essential for rockets to maintain a zero angle of attack (the angle between the longitudinal axis of the launcher and the direction of the onward velocity) in the first leg of the launch. This ensures the best conditions of control at the critical moment when the vehicle breaks through the sound barrier. The difficulties of passing through the sound barrier result from a sharp increase in the aerodynamic drag forces exerted on the different rocket parts and the rocket itself when its velocity approaches the sound velocity of 340 m/s. In this case, in front of the body a shock wave arises that results in a sudden increase of air pressure and temperature.

Zero Angles of attack insure a symmetrical flow of incoming stream past the rocket. A symmetrical rocket configuration of the rocket contributes symmetrical jumps in aerodynamic forces when the sound barrier is approached. This essentially simplifies the problem of controlling the rocket and enables stability of its motion. If the rocket shows build up of yaw angle it implies that the flow symmetry is violated and the load on the control system actuators increased leading to loss of rocket stability.

The FAC report has apparently been submitted to the Expert Review Panel (ERP), which is also independently examining all the data to determine the exact cause of the ASLV-D2 failure. The evaluation of the ERP is awaited and the ERP report is expected to take at least two more months, according to Dr. S.P. Gupta, Director, Vikram Sarabhai Space Centre (VSSC).

It was stated in the reply that, based on the recommendations, remedial actions would be initiated to ensure the success of the next launch, and depending on the extent of modifications required, the launch date of ASLV-D3 would be firmed up.

The House was also informed that work on the Polar Satellite Launch Vehicle (PSLV) is currently at an advanced stage and the first PSLV launch is expected in the 1990-91 time frame—Our Science Correspondent

Scientist Says India Can Match Pakistan's Rockets

46001349 Calcutta *THE STATESMAN* in English
22 Feb 89 p 9

[Article: "India Can Match Pak Rockets"]

[Text] New Delhi, Feb. 21—India too is capable of firing rockets with a range of 80 to 300 km with a payload of 500 kg as claimed by Pakistan recently, reports UNI.

Various sounding rockets developed by the Indian Space Research Organization can be modified, if necessary, for this purpose, according to the Vikram Sarabhai Space Centre [VSSC] director, Mr S. P. Gupta. The head of VSSC in Trivandrum which carries out research for satellite launch vehicles told a meeting of the Indian Science Writers Forum here yesterday that the country's space technology had the capability to accomplish this.

Pakistan's Army Chief, General Mirza Aslam Beg, had announced 10 days ago the successful firing and testing of missiles of 80 km and 300 km range with a payload of over 500 kg.

Air Force Concerned Over Increase in Mig-21 Crashes

46001366 Madras *THE HINDU* in English
17 Feb 89 p 7

[Article by our special correspondent: "MIG-21 Crashes Cause Concern"]

[Text] New Delhi, Feb. 16—The Air Force is seriously concerned about the increasing incidence of accidents affecting its MIG-21 aircraft. Between October last year and January the IAF [Indian Air Force] has lost 10 MIG-21 aircraft to air accidents. Of this, two were lost to bird-hits, but eight crashes because of engine-related problems.

Currently the IAF uses its 250-odd MIG-21s as its principal work-horse interceptor accounting for over 50 percent of its combat strength. They are not the first-line fighters, but play a crucial role in the air defence of the Indian skies, especially the air bases and important economic targets. Over the past two decades and more, the IAF has received some 800 MIG-21 variants.

The causes of the accidents arising from engine malfunction have resulted in a major row between the IAF and the Hindustan Aeronautics Ltd. [HAL] which licence-produces the Soviet aircraft as Nasik and Koraput. IAF

officials blame poor quality control practices for the accidents whereas HAL feels that there are some problems in IAF's first line-maintenance and flying of the aircraft.

The IAF figures show an unusual number of accidents relating to the MIG aircraft made by HAL. The HAL says that between 1966 and 1976 the IAF lost some 100 MIG-21 aircraft, largely of Soviet manufacture, to accidents and so it is not fair to blame them for the problem. However, a former MIG-21 pilot told THE HINDU that he was involved in a serious accident which was subsequently conclusively pinned to HAL's incompetence. A batch of nine MIG-21s crashed and investigation had shown that in all the cases, an engine bearing had been wrongly fitted.

The issue of air accidents has been agitating the IAF for some time since it has resulted in reduced operational readiness and also a morale problem for the pilots flying Indian-assembled-produced aircraft. The magnitude of the accidents seriously dents the ability of the IAF to deliver its rated performance and also raises doubts about the ability of HAL to carry on the license-manufacturing processes, leave alone the possibility of manufacturing the Indian-made Light Combat Aircraft in the next decade.

Differing stands: Over the years, the IAF has taken a number of stands on the high incidence of accidents—it has blamed HAL on the one hand and on the other its own training limitations arising from the fact that it has no advanced jet trainer on which its pilots can graduate from before handling a highly demanding and in the words of one pilot, 'unforgiving' aircraft like the MIG-21.

Combat flying is a highly demanding job and the training for modern combat which involves low-level flying, practice landing and take-offs under special conditions also results in accidents. But, the accidents involving the MIG-21s go well beyond the acceptable statistical limits for losses in training.

Bird-hits: Another aspect is bird-hits. While multi-engined civil commercial transport aircraft suffer monetary loss because of damaged engines, single-engined combat aircraft are total write-offs since a bird-ingestion results in a crash and the pilot is fortunate if he can save his own life.

Certain norms have been laid to prevent or limit the possibility of bird-hits around Indian airports, both civil and military, but no one is willing to implement the steps necessary to prevent encroachments near airports.

A few years ago, the IAF set up an inspectorate-General under a serving Air Marshal to overlook the issues related to flight safety. The experience has shown that there has been no appreciable impact on the rate of air accidents which the IAF keeps as 'top secret.' A high

accident rate means that for certain operational tasks, the IAF has to keep ready 10-20 percent more machines. This imposes additional expenditure on it in terms of capital and maintenance costs and, more valuable, human costs, with its attendant consequences for the nation's security.

Defense Sector's Problems With Funding Reviewed

Modernization Slowed

46001348 *Bombay THE TIMES OF INDIA in English*
23 Feb 89 p 8

[Article by L. K. Sharma, THE TIMES OF INDIA News Service: "Lack of Funds Hits Defence Sector"]

[Text] New Delhi, February 22—The government's firm no to the defence ministry's demand for an increase in budgetary allocation for 1989-90 will further slow down defence modernisation which has already run into problems because of bad planning.

The defence ministry continued to valiantly fight the resource crunch throughout the financial year. Any number of horror stories are circulating in the defence circles about how lack of money made it difficult to maintain an optimum level of combat readiness even after the basic hardware had been procured.

In many cases, the basic equipment could not be matched with the full complement of required personnel or adequate stocks of ammunition or even the infrastructure of bricks and mortar to park the expensive equipment. Some of the imported equipment could not be unpacked.

The defence sector will now consider itself lucky if its last year's budget of Rs 13,000 crores would be protected this year in real terms. The finance ministry officials did not find it difficult to deflect the pressures from the defence establishment for more money. They passed the ball into the politicians' court by pointing out that only they could decide on the feasibility of raising additional resources in an election year.

This year, the general atmosphere turned even more unfavourable to any increase in the defence budget since the government itself has reported "breakthroughs" in India's ties with China and Pakistan and a taken withdrawal of the IPKF [Indian Peacekeeping Force] from Sri Lanka. However, the defence experts who do not discount the progress in India's relations with the two neighbouring countries, point out that defence preparedness is not a matter of switching off and on in response to any feeble one-time signal from across the borders.

The roots of the crisis could be traced to the spending spree that started in the beginning of this decade. The purchase-and-forget plan did not have a long-term perspective and adequate attention was not paid to the requirements that would and should follow the import of equipment. The obsession with hardware and contracts led to mindless purchases.

The shocks of this profligacy would have been absorbed but for the constant depreciation of the rupee against all major foreign currencies. The burden of repayments rose unexpectedly and all budgetary calculations were rendered invalid.

The situation was obviously considered to be critical since soon after assuming office as defence secretary, Mr T. N. Sheshan, last year put together a paper seeking more money for his ministry. While the three service chiefs kept hoping for more, the finance ministry was not amused by the proposal for a supplementary budget so soon after the main budget.

Months passed in the defence ministry in an atmosphere of expectancy, but the proposal never came out of the finance ministry and it was formally discarded only when the hectic activity for the preparation of the next budget started.

Faced with such difficulties, the defence ministry's response was to put off purchases and no one can say that the pace of modernisation was maintained. It had no other way since it could hardly hold up the payment of salaries and pensions and would never think of defaulting on the payment of installments for the past purchases or what are called stage payments in bureaucratic parlance.

To take only one example, no money could be found even for the first stage payment for an advanced jet trainer without which, as the successive air chiefs have warned the government, the Indian Air Force would be grounded after 1992. The shortage of trained pilots is already being experienced but the proposal for the purchase of the jet trainer has made no progress.

Various wings of the defence establishments have been hit no less by the acute foreign exchange crisis. The defence undertakings and defence research laboratories have to go around begging for dollars to meet their requirements of imported components. The spares supplies also get affected. This in turn affects the maintenance of equipment.

At a recent meeting, the defence public undertakings complained that the foreign exchange allocation made to them had no relationship with their requirements. By a strange procedure, these undertakings get the foreign exchange out of the residue available from the total allocations made to the defence ministry after meeting

the commitments to be fulfilled by the defence services. And these are the units that are now expected to compete in the world market and export.

In such circumstances, while no more money was forthcoming, the defence ministry could not undertake radical measures to change priorities or rationalise and trim expenditure in a big way. A major restructuring of the armed forces, as was suggested in the case of the army by Gen Sundarji during his tenure as chief of the army staff, required political will.

Gen Sundarji had proposed to cut the mounting pension bill and trim the strength of the fighting men as a response to the induction of high technology. This plan called for some hard decisions which no one was prepared to take.

Budget Cuts Troublesome

46001438 Madras *THE HINDU* in English
1 Mar 89 p 9

[Article by our special correspondent: "Cut in Defence Spending"]

[Text] New Delhi, Feb. 28—There has been a cut in the defence budget for 1989-90. While the cut is a marginal Rs 200 crores, given the revised estimate of Rs 13,200 crores in 1988-89, the budget estimate of Rs 13,000 crores presented by the Finance Minister Mr S. B. Chavan, does not cover the inflation that would take place in the country and abroad. In real terms, the cut could be 8-10 percent.

The cut is visible in the lower budget estimates for the Army and the Navy with a marginal increase for the Air Force. With no visible reduction in the commitments of the country's defence services, it is difficult to see how they will be able to sustain the cuts considering the problems they faced in 1988-89 when the increase was a nominal 8.3 percent.

The freeze or actual cut in defence expenditure is certainly an outcome of this being an election year and the severe resource crunch faced by the country in general. Commending his step as unique in recent times, Mr Chavan said "All of us recognise that there is a continuing need for implementing measures for greater cost effectiveness in our expenditure on defence." Further my colleagues in Ministry of Defence have already introduced a number of measures to improve the cost effectiveness of such expenditure."

There are no known measures that have been undertaken so far and already the Ministry of Defence in its pre-budget exercises had indicated a need for an increase at least to cover the rise in prices. The fact that their plea was not accepted means that the cut will affect critical areas such as maintenance, war stores of the services and

training, thus leading to reduced preparedness notwithstanding the Finance Minister's expectation that even with his the freeze, "the Government will not falter in ensuring the highest level of defence preparedness."

Salary increases: The details of the cuts indicate that the Government has not provided for the increases in salaries and allowances which take up some 30-35 percent of the defence expenditure.

For example, the impact of the Pay Commission commitments led to a revision of the estimates on this head in 1988-89 for the Services from Rs. 3320.45 crores to Rs. 3650.75 crores. However the outlay for 1989-90 under this head is Rs. 3310.66 crores. While the initial impact of the Pay Commission did result in a spurt of expenditure under this head, it is also clear that there will be increases arising from additional dearness allowance commitments in the coming year.

The major impact of the cut will be felt in capital outlay for defence. While the overall figure indicates a marginal increase from the revised estimate of Rs. 3726.95 crores in 1988-89 to Rs. 3907.37 crores in the 1989-90 budget, there is a perceptible decrease in funds available for modernisation.

In 1989-89, Rs. 406 crores were budgeted for aircraft for the Navy, which has come down to Rs. 332.43 crores for 1989-90. Similarly, the figure for the IAF [Indian Air Force] has come down from Rs. 1054 crores to Rs. 976.86 crores. However of the Rs. 700 crores that had been budgeted for 'other equipment' for the services under the head of capital outlays in 1988-89, was revised downward to Rs. 564.79 crores. However outlays for the naval fleet, ordnance factories, and other equipment for the three services have been raised.

Central problem: The area of manpower costs is central to the problems that the Defence Ministry faces and which has not been tackled. The pension bill (which is not counted in the defence expenditure as such) which was estimated at Rs. 1100 crores for 1988-89 went up to Rs. 1597 crores.

According to an explanation appended, the sum went up largely because of the restoration of the commuted value of pensions after 15 years. However the 1989-90 estimate of Rs. 1350 crores does not give any comfort. Along with the Rs. 3310 crores pay and allowances bill it reflects a major issue that has to be confronted.

Text of Finance Minister's Budget, Tax Proposals 46001363 Madras THE HINDU in English
1 Mar 89 pp 6, 7

[Subheadings as supplied by THE HINDU]

[Text]

[I. Budget Speech]

1. Export Growth Sustained

New Delhi, 28 Feb—The following is the text of the Budget speech made by the Union Finance Minister, Mr S.B. Chavan, in Parliament today:

Sir,

I rise to present the Budget for the year 1989-90. The Budget is an instrument for achieving the basic objectives of planned development which, broadly, are growth, modernisation, self-reliance and social justice. In each of these areas, we have made substantial progress. There are clear signs of an acceleration in the growth rate of our economy during the Eighties. The pace of modernisation, particularly in industry and infrastructure has increased greatly because of the policies pursued by us for the past few years. The movement towards self-reliance has been maintained by the sustained growth in exports. And most important of all, our commitment to the goals of social justice has been demonstrated in the major initiatives that we have taken in anti-poverty and employment programmes and in the fulfillment of essential needs. These long-term objectives provide the framework within which the Budget for 1989-90 has been formulated.

Long-term Objectives

The Annual Budget has to pursue these long-term objectives within the context of the short-term economic situation. The Economic Survey for the year 1988-89, which was laid on the table of the House a few days ago, deals with the economic situation in some detail. I will only highlight a few key points.

The performance of the Indian economy in the past few years has shown unmistakable features of strength. The first is the resilience of the economy when confronted with the severe disruption caused by drought and floods. Last year, my predecessor, when presenting the Budget, had referred to this and indicated that the Gross Domestic Product [GDP] would grow perhaps by 1 to 2 percent. I am happy to inform the House that the latest estimates of economic performance in the drought year of 1987-88 indicate that, despite the drought, the GDP grew by 3.6 percent. This commendable performance in a year of drought has been followed by vigorous growth in the current year and we expect the GDP to grow by 9 percent or more in real terms. Both the rate of growth of the GDP in the drought year and the pace of recovery in the post-drought year are significantly higher than those in earlier periods of drought. I may add that the average growth rate of GDP in the first four years of the Plan will exceed the Plan target of 5 percent.

The performance in the agricultural sector in these past two years gives grounds for hope. Last year, despite the severe drought and floods, foodgrains production was

138 million tonnes, only marginally lower than in the previous year, showing that our policies to contain the impact of the drought were successful. This year, foodgrains production is expected to exceed the target of 166 million tonnes. Oilseeds, cotton and sugar production is expected to reach record levels. The sector continues to demonstrate a high potential for growth.

The growth in output in a period of stress, the careful management of the good economy by the Government, and the special measures taken to boost agricultural production and provide relief to those affected by drought, have ensured that inflation, as measured by the Wholesale Price Index, was limited to 10.6 percent in 1987-88. The rate of inflation in the current year has been under 5 percent up to the end of January, 1989. The Government is concerned about the pressure on prices, but it is a matter of some satisfaction that this pressure has been generally lower than in the previous droughts. The government remains fully vigilant on this crucial front and is determined to ensure effective containment of inflation.

Policy Vindicated

The second encouraging feature of economic performance in recent years, is the sustained growth of industrial sector and improved performance in the field of infrastructure. For four years in succession, manufacturing output has grown by over 8 percent per year which is a clear vindication of the industrial policy of the Government. There is a spirit of optimism in industry which is reflected in the generally good corporate performance and buoyant conditions in the capital market. Electricity generation has increased steadily and the plant load factor of the thermal plants has gone up from 50.1 percent in 1984-85 to 56.5 percent in 1987-88. Targets for capacity creation in the power sector set for the Seventh Plan are expected to be achieved. In the Railways the quantity of freight carried has increased in the first three years of the Seventh Plan by an amount as large as the total increase over the previous 10 years. More important, there has been a steady improvement in productivity over these years. A particularly welcome feature is the improvement in the performance of the basic materials industries. In the first nine months of this year, production of saleable steel by the integrated steel plants rose by 10.1 percent, of cement by 12 percent, nitrogenous fertilizers by 26.2 percent and phosphatic fertilizers by 64.5 percent when compared with the corresponding period last year.

Public Sector Performance

The performance of Central Public Sector enterprises has shown improvement. In the first six months of this year the provisional results of 179 operating enterprises show that their net profit rose to Rs 694.19 crores from Rs 59.79 crores in the corresponding period of 1987-88.

We are committed to a policy of supporting the growth of our public sector. However, we recognise that some changes are required to ensure a higher level of performance, particularly with regard to resource generation. With a view to granting greater autonomy to public sector enterprises consistent with their accountability, the Government has been signing Memoranda of Understanding with some of the Public Sector Undertakings. The MOU [Memorandum of Understanding] indicates the responsibilities of the enterprise in fulfilling certain physical, financial and social objectives including resource generation, and of the Government, in turn, for supporting the enterprise in fulfilling various objectives and targets set for the enterprise. Eleven Public Sector Undertakings signed MOUs with the government for the year 1988-89. Seven more Public Sector Undertakings will sign MOUs for the year 1989-90. The Government has constituted a High-Level Committee under the Chairmanship of the Cabinet Secretary to evaluate the performance of MOU-signing companies and their administrative Ministries in fulfilling their obligations under the MOUs.

I have referred to the resilience of the economy and the improved growth performance in industry and infrastructure because these are the strengths that will allow us to pursue even more vigorously our basic objectives of raising the living standards of the poor and strengthening the economic independence of our country. But I would be failing in my duty if I do not also draw the attention of the House to certain problem areas.

Problem Areas

One area that needs more attention is the stimulation of savings and the containment of the Budget deficit. We have always prided ourselves on being a nation with a high savings rate, and our culture has always emphasised the virtues of simple living and frugality. Budgetary policy must reinforce these virtues of thrift both through positive incentives to stimulate savings and through measures to restrain luxury consumption. I will indicate later in the speech the specific measures that we propose to take towards this end.

Equally important, and in some sense more significant, is the prudent management of public expenditure. Sometimes, it is assumed that the Government expenditure, as commonly understood, is all on the wages and salaries of Government servants and on goods and services purchased by the Government departments to fulfil their functions. This is far from being the case. In actual fact, the direct consumption expenditure of the Central Government on defence and Government administration is less than one quarter of the total expenditure. A little under one-tenth of the Budget is for the direct capital expenditure of the Central Government. As much as two-thirds of the Budget expenditure really take the form of financial transfers to other spending entities by way of interest, subsidies, grants, loans, etc. In fact, a significant part of what is shown as expenditure in the Budget is

only the financial intermediation of funds shown as a capital receipt on the one side and as expenditure in the form of loans or equity investment on the other.

Better Targeting

I am drawing attention to the structure of the expenditure side of the Central Budget in order to emphasise that the exercise of due prudence is not merely a matter of economy instructions regarding staff or travel or purchases. That is certainly important. But it is as important, in fact even more important, to consider other items of expenditure like subsidies, grants and loans, many of which are embedded in specific schemes and programmes. We must ask ourselves whether we are getting value for money from these subsidies, schemes and programmes. In many cases the desired result could be achieved at a lesser cost by better targeting, consolidation of multiple programmes, greater decentralisation linked to mobilisation of local resources. We will ensure that such an evaluation forms the basis for the schemes/programmes that will form part of the Eighth Plan.

2. Sharp Increase in Import Bill

The balance of payments is another area of concern. A certain amount of pressure on external payments is unavoidable in a situation where we have urgent needs for investment and modernisation which inevitably require expansion of imports. It is for this reason that the Government has attached high priority to expanding exports to pay for the imports the economy needs. Our policies in this regard have been successful and in the past two years our exports have increased quite rapidly—over 25 percent in 1987-88 and 24 to 25 percent in the first nine months of the current financial year. But at the same time, the import bill has also increased sharply, especially so in the first half of this year. This surge in the import bill is partly due to the foodgrains and edible oil imports necessitated by last year's drought and partly to the sharp increase in the international prices of metals, chemicals and edible oils. Apart from this, our debt repayment liabilities were relatively high. The limited availability of concessional finance has compelled us to increase the share of commercial borrowings, but we have tried to keep these within limits that are manageable. We do not envisage any difficulty in servicing our external debt.

The Indian economy has a great deal of underlying strength. The sustained growth of industrial sector and the investments made in modernisation and upgradation will show results in terms of higher exports. This in fact is the real answer to the balance of payments problem. I have every hope that the momentum of export growth will be sustained and enhanced. If necessary, we must be prepared to restrain domestic consumption to some extent in certain areas in order to release supplies for export.

We have resisted the temptation to cope with the short-term difficulties in our balance of payments by ad hoc import regulation through detailed import licensing. Such a process

would be self-defeating as it will disrupt the economy, inhibit exports and weaken our attempts at modernisation. The composition of our imports has changed greatly during the Eighties. In 1980-81, 65 percent of our imports consisted of a few bulk commodities like foodgrains, edible oils, fertilizers, petroleum and metals where direct import regulation through foreign exchange allocations is relatively easy. In 1987-88, these bulk commodities accounted for only 33 percent of our imports. The other imports cover a vast range of raw materials, capital goods, chemicals and industrial components. Direct regulation of these through foreign exchange allocations is difficult and could well lead to delays and inefficiency. Hence, the non-bulk import bill has to be managed through more effective use of indirect instruments.

Later in this speech, I will put before you some measures to discourage low priority imports which go towards the consumption of the upper income groups. Kit culture-based consumerism is not the objective of our industrial and trade policy and must be discouraged.

Industrial policy has an important role to play in stimulating production which can substitute efficiently for imports. Towards this end, the Government will ensure that domestic production of items which are imported in substantial quantity is maximised and will re-examine and remove any restrictions which stand in the way.

Let me now turn to the special thrust areas in this Budget.

Successive budgets have sought to tackle the basic problems of poverty and unemployment directly, a process which has been greatly accelerated since 1980-81. In that year, actual expenditure on rural development, social services and food and cloth subsidies amounted to Rs 1,971 crores in the Central Budget. The greater part of the expenditure in these areas is for directly targeted programmes to improve employment and the earning capacity of the poor and of vulnerable groups like scheduled castes and tribes, and weaker sections, provide them with basic services like education, health care and water supply, and subsidise some items of essential consumption in 1988-89, the Budget Estimates provided Rs 8,652 crores for the same activities.

I have not included in this total the expenditure on agriculture and the fertilizer subsidy which has increased from an actual expenditure of Rs 1,179 crores in 1980-81 to a Budget provision of Rs 4,343 crores in 1988-89.

Under the integrated Rural Development Programme (IRDP) over 25 million families below the poverty line have been assisted to take up income-generating activities. The total investment under this Programme since the beginning of the Sixth Plan has been over Rs 10,000 crores, including the term credit provided by the financial institutions.

Rural Employment

I am happy to inform the Hon'ble Members that under the twin programmes of employment generation for the rural poor, viz., National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEG), 67 crore mandays of employment were generated during 1987-88 as against the target of 50-crore mandays.

The present strategy of direct attack on rural poverty through the existing major programmes of self-employment and wage-employment will be continued and made more cost effective.

Employment is the most urgent need of our people. Much of the employment growth will come from growth in agriculture and in labour-intensive agro-processing industries and services. However, a direct attack on the problem of unemployment is essential. We, therefore, propose to give a special thrust to all programmes of employment generation. It is proposed to merge NREP/RLEG into a single programme, and to decentralise its implementation. This merged programme will operate throughout the country and will be funded 75 percent by the Centre.

New Programme

Poverty and unemployment are intense in certain disadvantaged regions and existing employment programmes fall short of needs. Hence, in addition to the reorganised national programme it is proposed to launch a new intensive rural employment programme which will provide additional funds to selected 120 districts which are backward and suffer from acute unemployment.

In this year when we are celebrating the birth centenary of Pandit Jawaharlal Nehru, the architect of modern India, there is perhaps no better way of remembering him than to intensify our efforts to remove poverty and unemployment. This programme is a further major step in that direction. It will be named after Panditji to reflect the deepest aspiration of our people.

This new programme will allow fuller employment opportunities to at least one member of each family living below the poverty line. The funds for this scheme will be in addition to the provision available to the district under the NREP and RLEG programmes. These funds will be merged and locally useful schemes will be taken up to maximise employment opportunities and the creation of productive assets. We hope that the enhancement of the provision for employment through this new scheme will ensure substantial improvement in living standards of the poor and an increase in the productive and socially useful assets in these areas. The details of the programme will be announced later. The provision for this new programme will be Rs 500 crores in 1989-90. Including this, the provision for employment programmes will be Rs 1711 crores in 1989-90. I propose to cover the cost of the new programme basically by

mobilising additional resources from those who already have substantial incomes and the benefit of gainful employment. I will revert to this later in my speech.

We welcome further efforts in this direction by the State Governments. Recently, the Constitution has been amended to raise the upper limit for the profession tax to Rs 2,500. We urge the State Governments to use this enabling provision to mobilise additional resources for expanding employment.

Free Saris for Destitutes

Additional employment will help poor households to raise their standard of living. But in addition a more direct effort at improving the condition of women and children is necessary. I therefore propose a new programme for the free distribution of saris to destitute women. As for children the ongoing integrated Child Development Services Programme will be greatly expanded to cover 500 more blocks in addition to over 1,700 already covered. This programme is aimed at raising the health, nutrition and educational status of poor children.

The total outlay for rural development, social services and on food and cloth subsidies will be Rs 9,374 crores in this Budget.

The implementation of anti-poverty and social services programmes takes place largely through State Plans. Many of these programmes are externally assisted. At present 70 percent of assistance received under externally aided projects is made available to the State Governments as additional Central assistance. It is proposed to modify these arrangements to enhance the additional Central assistance made available to the States to 100 percent for assistance received under externally aided projects. In the social services sector, and for programmes which have a direct bearing on poverty alleviation. This decision will make available substantially more resources to the States than under the present arrangements, and will facilitate additional investments by them in these vital sectors. Sectors which are expected to benefit from this decision are Agriculture, Rural Development, Irrigation, Environment, Health, Family Welfare, Nutrition, Women's Development, Education, Housing, Water Supply and Urban Development.

Agriculture is the mainstay of our population and a priority sector in our Plans. Today, the incidence of taxes on agricultural outputs and inputs is minimal and in fact substantial subsidies are provided, both in the Central and State Budgets.

As I mentioned earlier, Plan and non-Plan expenditure on agriculture and the fertilizer subsidy has gone up sharply since 1980-81. This year also provision is being stepped up and will reach a level of Rs 5,173 crores.

Credit is a major input for agricultural production. In order to increase the flow of credit to agriculture, the target for direct finance to agriculture by public sector banks, which was raised last year from 16 percent to 17 percent of their total outstanding advances is being further raised to 18 percent to be achieved by the end of 1989-90. With this change, the total credit to be made available to agriculture by commercial banks, regional rural banks and cooperative banks will increase by over Rs 4,000 crores in 1989-90. Hon'ble Members are aware that the rate of interest on crop loans up to Rs 15,000 was reduced last year and the reduction varied between 1.5 percent and 2.5 percent. With a view to extending the scope of relief, the Reserve Bank of India is today issuing instructions reducing the rate of interest charged on crop loans between Rs 15,000 and Rs 25,000 to 12 percent from the existing maximum rate of 14 percent.

3. Hope on Better Use of Aid Funds

One area of concern is the pace of implementation of irrigation projects in the States. In addition, the gap between the potential created and utilisation of irrigation, leaves much to be desired. The decision to provide higher additionality for external assistance for agriculture and irrigation which I have referred to earlier will add to the funds available for these purposes in State Plans. My hope is that this will help in ensuring better utilisation of aid funds and quicker completion of projects.

The rapid growth in incomes in our rural economy will require not merely higher production, but also diversification of crops, better post-harvest technology, processing of agricultural products into higher value products, etc.

Stimulus to Food Processing

The new Ministry of Food Processing Industries, the first of its kind in the developing countries, was established in July 1988 to provide for a dynamic relationship between the farmer and industry so that there is better utilisation of agricultural products, greater addition of value to rural produce, generation of massive employment in rural areas, enhancement of the net level of rural incomes and induction of modern technology in the processing of food. Another objective of the Ministry is to promote utilisation of the large-scale wastages which take place in the pre- and post-harvest handling of fruits and vegetables, thereby improving the economic utilisation of food produced as well as enhancing the nutritional inputs available to the people. Later in my speech, I will indicate some fiscal incentives to provide a greater stimulus to these industries.

National Housing Policy

The Government attaches very high priority to housing. It is an activity that meets a very essential need and that is capable of generating a very substantial volume of employment. In pursuance of this the Government has formulated a comprehensive National Housing Policy.

In the field of housing finance, several new initiatives were taken in 1988-89. The Reserve Bank of India has liberalised the terms and conditions of housing loans. The Life Insurance Corporation has launched a new scheme known as Bima Niwas Yojana which will enable policy-holders to receive financial assistance for purchase or construction of flats.

The National Housing Bank has been established and has now become operational. Promotion of a healthy housing finance system and providing adequate finance to the housing sector are the principal functions of the Bank. In formulating its financing policies, the Bank will adopt the motto of the small man first. It has accordingly announced its refinance scheme in respect of loans given for low-income housing of up to 40 square metres. Similarly, in land development and housing projects financed by it, the Bank will ensure that not less than 75 percent of the plots to be thus developed or houses to be built, will be for those seeking built-up accommodation up to 40 square metres.

The prospect of owning a house is a major incentive for saving. We have, therefore, decided to establish a new scheme called the Home Loan Account Scheme which will be launched by the National Housing Bank in cooperation with scheduled banks. To facilitate participation by all segments of the community especially in rural areas, the minimum contribution to the saving scheme is fixed at Rs 30 per month or Rs 360 per annum. The savings will earn interest at 10 percent per annum. Any individual not owning a house anywhere will be eligible to join the scheme. After saving for a minimum period of five years, a member will be eligible for a loan equal in amount to a multiple of the accumulated savings including interest. Specific efforts will be made to link up the Home Loan Account Scheme with the registration for land or house allotment by public agencies. I will propose certain tax concessions for these savings.

Let me now turn to the industrial sector. I have referred to the good performance of the industry and infrastructure sector. We believe that the changes with regard to industrial licensing, price and distribution controls and trade policy that we have made over the past few years have paid rich dividends. The underlying theme of these policy changes is to promote both growth and efficiency by stimulating domestic competition, technology acquisition and modernisation. Our industrial structure is now very complex. Many segments have reached a certain degree of maturity. In this situation it is possible for us to relax many of our detailed regulations and yet remain in control over the direction of development through a judicious use of fiscal and credit policies. In furtherance of this approach, the Government has decided to decontrol the pricing and distribution of cement and aluminium with immediate effect.

Since the partial decontrol of cement from 28 February 1982, the cement industry has witnessed an impressive growth. The production of cement which was 21.01

million tonnes in 1981-82 is slated to increase to 43.5 million tonnes in 1988-89 and 49 million tonnes in 1989-90. Over this period, the levy obligation has been progressively decreased and a fair price for the levy cement has been given. These policies have led to the stoppage of imports since 1985. In fact, the country is now in a position to export cement. Our long term strategy is to increase the production to 65 million tonnes by the end of the Eighth Plan and 87 million tonnes by the end of the Ninth Plan. At present, the levy obligation works out to less than 20 percent of the total output of the industry. It has now been decided that all price and distribution controls on the cement industry be removed with effect from 1 March 1989. To ensure the availability of cement at reasonable prices in the remote and hilly regions of the country, a suitable subsidy scheme is being worked out.

With the progressive commissioning of the National Aluminium Company (NALCO), India has made great strides in the production of aluminium metal. After achieving a record production of 278,000 tonnes in 1987-88, production in 1988-89 is estimated to go up by 30 percent to about 360,000 tonnes. During 1989-90 aluminium production is likely to increase by another 20 percent to reach a level of 435,000 tonnes. NALCO is also exporting alumina and some aluminium and will earn about Rs 200 crores in foreign exchange during 1988-89. India has thus emerged not only self-sufficient in aluminium metal but will generate exportable surplus in the years ahead. In view of this the Government has decided to decontrol the price and distribution of aluminium with effect from 1 March 1989.

The dispersal of industry to backward areas remains a major plank of our industrial policy. The principal barrier to industrial development in backward areas is the lack of infrastructure. Recently, the Government has announced a new approach to this in the form of the Growth Centre Scheme. In the first phase 61 growth centres will be taken up and provided with infrastructure facilities of a high order. I have provided Rs 20 crores as the Central contribution for this scheme in 1989-90 Plan and, depending on the pace of implementation, this will be enhanced, if necessary.

Tax Relief on Bonds

Let me now turn to the operation of capital markets. A substantial volume of personal savings now flows through the financial instruments traded in this market. In fact, the breadth and depth of our financial structure is an asset that we must use to mobilise savings and channel it into productive directions. Our rural households are showing growing interest in investing in bonds, debentures and shares. However, the provision regarding tax deduction at source is a disincentive. We have already raised the limit below which there will be no tax deduction at source to Rs 2,500 for dividends. I propose to do the same for interest payments on bonds and debentures.

The flow of savings into the Capital Market is directed very much to fixed interest bonds and debentures. However, industrial development also requires risk capital in the form of equity. In order to stimulate the flow of personal savings into equity, the Government intends to introduce an Equity-Linked Savings Scheme. The scheme will operate through UTI and recognised mutual funds and investments will be eligible for tax deductions on the basis of net annual additions to such savings. Details of the scheme will be announced shortly.

The dynamism shown by the industrial sector is to a certain extent the result of our effort to stimulate competition. However, as the industrial environment becomes more competitive, we will need effective measures for coping with the problems of industrial sickness. Some arrangements are in place under the Sick Industrial Companies (Special Provisions) Act, 1985. However, it is necessary that we take steps before this stage of sickness is reached to encourage and stimulate potentially sick units to rehabilitate themselves. In order to do this, the Government intends to work out an excise relief scheme for weak units to provide them with a proportion of their excise payments as part of a diversification, modernisation or rehabilitation package approved by designated financial institutions.

Let me now turn to a couple of other areas where I propose some changes.

Gold Control Review

The Government has been examining the utility of the Gold Control Act to see whether it has served its purpose or not and whether it requires any modification. In the light of this examination, the Government proposes to modify the Gold Control Act with a view to keeping a measure of control over primary gold only. This is expected to benefit hundreds of thousands of goldsmiths and artisans who will be able to freely conduct their age-old traditional profession and provide better service to the customers in terms of quality, purity and price. Further, this will lead to a boost in the export of gold jewellery which has been stagnant. The details will be worked out and necessary legislation will be introduced soon.

Fillip to Savings

I have referred to the need to give a stimulus to savings and have already referred to two measures directed towards this end—the Home Loan Account Scheme and the Equity Linked Savings Scheme. Several initiatives in the areas of small savings have been taken in the recent years. I am happy to report to the House that the Indira Vikas Patra, introduced in 1986 and the Kisan Vikas Patra introduced in 1988 are attracting a substantial volume of savings. These two savings instruments do not carry any tax concessions. I propose to introduce a new National Savings Certificate Series VIII which will carry an interest rate of 12 percent and will be eligible for tax concession under Section 80C, but not under Section

80L. The existing National Savings Certificates Series VI and VII will be discontinued. This is part of the process of rationalisation of savings incentives.

I am conscious of the need to protect the savings of workers in the provident fund and their right to gratuity. The Employees Provident Fund Act has been modified to raise the minimum contribution to 8 $\frac{1}{3}$ percent and this enhanced contribution has taken effect from 1 August 1988. The Payment of Gratuity Act has been amended to provide for compulsory insurance of gratuity liabilities or the setting up of gratuity fund under the income-tax rules where the pattern of investment will be as prescribed by the Government from time to time. It is proposed to implement these provisions soon after framing necessary rules.

Relief to Pensioners

As the Hon'ble Members are aware, this Government has, in the recent past, taken various measures to help pensioners. The Government is keen to ensure that pension and pensionary benefits are sanctioned and paid promptly and procedures for disbursement simplified. Towards this end, the Government has decided to simplify further the procedure of pension payment to civil pensioners who draw their pension from banks. The proposed simplification envisages that the two intermediary agencies of Accountants-General and District Treasuries will not be involved in this work which will be handled by a new Office of Chief Controller of Accounts (Pensions) in the Ministry of Finance. The entire work of pension payment and accounting thereon will be computerised. The new system is proposed to be introduced during 1989-90.

I also propose some fiscal relief on family pensions and a new savings scheme for retiring Government employees with certain tax concessions to which I will revert later.

4. Freedom Fighters Pension Raised

Our freedom fighters have made great sacrifices in our struggle for independence. In this year when we are celebrating the birth centenary of one of the greatest leaders of this struggle, it is but appropriate that we raise the pension for freedom fighters to Rs 750 as a mark of the nation's gratitude.

I shall now turn to the Revised Estimates for 1988-89 and the Budget Estimates for 1989-90.

Revised Estimates 1988-89

Since the presentation of the Budget for the current year, additional provisions have become necessary for certain inevitable increases in expenditure. Budget support for Central Plan has to be increased by Rs 771 crores. The increases mainly relate to settlement of claims arising out of crop insurance scheme, subsidy for setting up of industries in backward areas, strengthening of equity

base of Power Finance Corporation, payment to shipping companies to meet commitments made by the erstwhile Shipping Development Fund Committee and passing on to financial institutions rupee equivalent of external credits extended to them.

Central assistance for State and Union Territories Plans is expected to be Rs 421 crores higher mainly due to special assistance that has to be provided to Punjab for financing its Plan outlay.

On the non-Plan side an additional provision of Rs 300 crores is required for export promotion and market development. Subsidy on indigenous fertilizer will also be higher by Rs 250 crores. A marginal increase of Rs 200 crores has been made in Defence expenditure. An additional provision of Rs 497 crores will be required for Defence pensions on the basis of actual claims arising out of revision of Defence pension rates. Grant assistance to States affected by floods has to be increased by Rs 100 crores. Provision of certain facilities in Punjab necessitated by security considerations has cost Rs 71 crores.

Containing Expenditure

There have been other increases as well. All these would have resulted in a much higher order of increase in non-Plan expenditure and in deficit financing. The Government has taken a number of measures to contain the increase in expenditure and improve receipts.

Ministries and Departments were instructed to locate savings to meet to the maximum extent possible the increases in expenditure, including the liability for additional instalments of dearness allowance and bonus sanctioned to Government employees during the year. The economy instructions issued last year were continued this year also. As a result of these measures, the increase in non-Plan expenditure has been contained.

Deficit Under Check

Gross tax revenue is expected to yield Rs 776 crores more. The improvement is mainly in Union Excise duties, Customs duties and Corporation Tax. Under non-Tax Revenue, the profit on imported edible oils is expected to show a sharp reduction owing to an increase in international prices. Capital receipts are expected to show significant improvement. Total receipts of Government are now estimated at Rs 67,843 crores as against Rs 66,076 crores in the Budget estimates. Total expenditure is estimated at Rs 75,783 crores as against the Budget estimate of Rs 73,560 crores. The overall deficit for the year is now estimated at Rs 7,940 crores. Thus, in spite of the large additional burden thrown on the Budget and the various concessions given, it has been ensured that the overall deficit does not increase substantially.

Next year being the last year of the Seventh Five-Year Plan period, every effort has been made to ensure that maximum resources are made available for development. Budgetary support for Central Plan including special additional provision of Rs 500 crores for new economic programmes is placed at Rs 16,964 crores. Internal and extra-Budgetary resources for Central Plan are estimated at Rs 17,482 crores. The total Central Plan outlay for 1989-90 will thus be Rs 34,446 crores against the current year's approved outlay of Rs 28,715 crores showing a step-up of nearly 20 percent.

Honourable Members will be happy to note that in real terms the actual outlay in the Central Sector for the five years would be around 115 percent of the original Seventh Plan outlay.

The Central Plan for 1989-90 places a great deal of emphasis on agriculture, rural development and related areas. A new strategy for agricultural planning has been developed on the basis of different agro-climatic regions. The provision for agriculture and irrigation in the Central Plan has been stepped up to Rs 1408 crores. I also propose allocation of Rs 495 crores for the Department of Fertilizers.

The programmes of rural development are central to our Plan strategy. Inclusive of the provision for the new programme, the provision in the Central Plan for this sector has been stepped up by 28.4 percent. For promoting rural industrialisation, the reorganised Khadi and Village Industries Commission has planned to expand and diversify its activities. Besides identifying 33 new industries for promotion in the current year, 41 other industries will be taken up for development in the future in a phased manner.

The provision for social services in the Central Plan is being stepped up to Rs 3,396 crores. The main emphasis in the social welfare programme in the Annual Plan 1989-90 will be on development of services for early childhood care, women's development, prevention of disabilities and rehabilitation of the affected persons. In order to meet these goals, a large expansion is envisaged in programmes like Integrated Child Development Service (ICDS), income-generating schemes for poor and destitute women, education, training and economic rehabilitation of disabled persons. Adequate attention will be given to creating awareness regarding the rights of women, campaign against the atrocities inflicted on them and also against the social evils like child marriage, dowry, drug abuse, etc.

Human Resource Development

The Seventh Plan has been characterised by a special thrust towards human resource development. The approach, strategies and major thrust areas included in the Seventh Five-Year Plan and the priority programmes of the National Policy on Education 1986, taken up in 1987-88 are being continued. Emphasis is given on

universalisation of elementary education, eradication of adult illiteracy, vocationalisation of secondary education, improvement and consolidation of quality and standards of higher education and modernisation and removal of obsolescence in technical education.

In order to maintain the tempo of growth that has been attained in recent years, it is necessary that we continue to invest in the expansion and modernisation of our infrastructure sectors. Hence, the outlays in the Central Plan for power development have been raised by 38.6 percent, for Railways by 15.6 percent and for Telecommunications by 56.6 percent.

Major public sector projects in the industrial sector included in the Seventh Plan have either been completed or are expected to be completed in the last year of the Plan. These include the expansion of Bhilai Steel Plant, Stage 1 of Visakhapatnam Steel Plant, the Aluminium Complex of NALCO in Orissa, the gas based fertilizer plants at Bijaipur, Aonla, Namrup-III, the Caprolactum project at Udyogmandal, captive power plants at Durgapur, Barauni, Panipat and Bhatinda and the Maharashtra Gas Cracker Complex.

In the industry sector adequate outlays have been provided in the Annual Plan 1989-90 for productive schemes and projects of on-going nature which would be commissioned during the last year of the Seventh Plan, as well as for initiating the necessary preliminary action for the Eighth Plan.

Central Assistance

Central assistance for the Plans of State and Union Territory governments is placed at Rs 10,850 crores against the current year's Budget level of Rs 9,714 crores. Total expenditure from Central Budget on Plan account will be Rs 27,814 crores next year as against the current year's Budget level of Rs 25,714 crores.

The Government is aware of the extremely difficult circumstances in which our brave armed forces have been carrying out their arduous responsibilities of defending our country. The whole nation owes its grateful thanks to them for ensuring the security of our borders and for bringing credit to our country when called upon to help other friendly countries in their hour of need. At the same time, all of us recognise that there is continuing need for implementing measures for greater cost-effectiveness in our expenditure on defence. My colleagues in the Ministry of Defence have already introduced a number of measures to improve the cost-effectiveness of such expenditure. Keeping this in view, I have provided for a sum of Rs 13,000 crores for Defence during the coming year. I assure the House that the Government will not falter in ensuring the highest level of defence preparedness.

Interest Charges Higher

Provision for food, fertilizer and export promotion subsidies next year is Rs 7,472 crores against Rs 6,841 crores in the current year's Revised Estimates. Interest charges next year are estimated at Rs 17,000 crores against Rs 14,150 crores in the current year. Grants to States as a result of the recommendations of the Ninth Finance Commission are estimated to be Rs 612 crores higher than in the current year. An additional provision of Rs 152 crores has been made next year for expenses in connection with the General Elections. The deficit of the Department of Posts is estimated to be Rs 97 crores higher than in the current year.

Every effort has been made to contain the growth of non-Plan expenditure and only the barest minimum provisions have been allowed. Total non-Plan expenditure in 1989-90 is estimated at Rs 54,347 crores against Rs 48,877 crores in the Revised Estimates for the current year.

Coming to Receipts, Gross Tax Revenue at the existing rate of taxation is estimated at Rs 49,588 crores. After payment of Rs 12,054 crores to States as their share of taxes and Rs 50 crores to local bodies in Union Territories as assignment of revenue, the net accrual to the Centre is estimated at Rs 37,484 crores against Rs 32,652 crores in the current year. Market borrowings are placed at Rs 7,400 crores against Rs 7,250 crores in the current year. External assistance net of repayment is placed at Rs 3,722 crores against Rs 3,216 crores in the current year. Taking into account the variations in other receipts and expenditure, the overall deficit for the next year at the existing rates of taxation is estimated at Rs 8,240 crores.

[II. Tax Proposals]

1. More Benefit at Less Cost

The following is the text of the tax proposals announced by the Finance Minister, Mr S.B. Chavan in his Budget speech in Parliament today.

I now turn to my tax proposals for 1989-90.

For most people taxation is vexation. I will only say that we raise resources through taxation to fulfill a larger common purpose and seek to return to the people a benefit which is greater than the cost they bear.

My Budget proposals are guided by the objectives and economic perspectives I have outlined earlier. More specifically the proposals are oriented to the following ends:

- promoting productive employment,
- protecting the consumption standards of the poor,
- discouraging non-essential luxury consumption particularly when it is import intensive,
- providing some relief to middle-income taxpayers,
- maintaining the tempo of industrial modernisation and growth, and
- containing the Budget deficit for 1989-90.

Direct Taxes

Now I turn to the Budget proposals regarding the direct taxes.

The Hon'ble Members are aware of the high priority the Government attached to creation of productive employment. As I mentioned earlier, a number of schemes are already being implemented to generate employment in rural areas to benefit the vulnerable sections of our society. However, we feel that a time has come for taking initiative to make a substantial dent on the problem of unemployment. To this end, as already stated, the Government proposes to introduce a new intensive rural employment programme to be called Jawaharlal Nehru Rojgar Yojana. In order to mobilise resources for this programme, I propose to levy a surcharge at the rate of 8 percent, on resident taxpayers with incomes about Rs 50,000/- from the assessment year 1990-91. I am sure that those who are privileged to have employment in a society, where there are so many who are deprived, will not mind this sacrifice in the interest of creating employment for those not so fortunate.

The Government has maintained stability in the direct tax rates during the last four years. However, it has often been represented that a 25 percent tax at the entry point discourages many taxpayers in coming to the tax net voluntarily. Accordingly, it is proposed to reduce the rate of tax for individuals in the entry slab of Rs 18,000-25,000 from the present rate of 25 percent to 20 percent.

This House is aware of the fact that in order to mobilise resources to meet the requirements of the drought in 1987 and its after-effects in 1988, a surcharge on income-tax and wealth-tax was levied. I do not propose to continue the Wealth Tax and Income-Tax surcharge from the assessment year 1989-90 and 1990-91 respectively.

The combined effect to the changes that I am proposing with regard to the employment surcharge and the changes in the rate structure will be such that a person with a taxable income of below Rs 56,000/- will pay less tax than at present. The entire burden of additional direct tax will fall on those with a taxable income above Rs 56,000/- per annum. The revenue effect of this surcharge will be Rs 500 crores. I have no doubt that the House will welcome this socially progressive measure.

With a view to curbing conspicuous consumption, I propose to enhance the rate of expenditure tax under the Expenditure Tax Act, 1987, as applicable to certain hotels, from 10 percent to 20 percent. This will yield an additional Rs 30 crores.

I now come to some measures for providing relief.

To meet the housing needs of the citizens has always been an important policy objective of the Government. In his Budget speech for 1987-88, the Prime Minister envisaged a high priority for the housing sector and had announced the decision to set up a National Housing Bank. Necessary legislation in this regard has been passed and the National Housing Bank has become operational. In order to help the National Housing Bank mobilise resources in its nascent stage, I propose to provide that the deposits made in the Home Loan Account Scheme of the National Housing Bank as well as the repayment of housing loan taken from the Bank will qualify for deduction provided under Section 80C of the Income-Tax Act. The investment will also be exempt from wealth-tax subject to the overall ceiling of Rs 5 lakhs. Further, the taxpayers will now get a tax concession under Section 54E on capital gains if the sale proceeds are invested in the bonds and debentures issued by the National Housing Bank.

Poultry Farming

Poultry farming is emerging as an important activity for enhancing nutrition and providing employment. I, therefore, propose to provide tax exemption to the income from poultry farming at the rate of 33 1/3 percent of such income. This measure should go a long way in encouraging investment in this area.

Scheme for Retiring Staff

Retiring Government employees are often on the look-out for investment opportunities with a good post-tax return. With this view, it is proposed to set up a deposit scheme in which a retiring employee may invest the whole or part of his retirement benefits for a block period of three years. The interest on this investment will be free from income-tax. Further, this investment will also be exempt from wealth tax. The present ceiling of exemption of wealth up to Rs 5 lakhs in respect of wealth in certain specified forms will also not apply to such deposits.

As a measure for providing relief to the widows and heirs of deceased employees, I propose to amend the provisions of the Income-Tax Act, to provide a standard deduction at the rate of 33-1/3 percent, subject to a maximum of Rs 12,000, for the recipient of family pension also. Similarly, it is proposed to extend the benefit of deduction of Rs 15,000, already available to permanently physically handicapped persons, to persons who are mentally retarded.

Hon'ble Members are aware that under the Constitution Amendment Act, 1988, the ceiling of tax on professions has been raised from Rs 250 to Rs 2,500 per annum with the object of enabling the State Governments to raise additional resources. I hope that the States will take full advantage of this. I propose to provide that this tax be allowed as a deduction in computing the income under "Salaries."

Relief for Venture Capital

Following the announcements made in the Budget speech for 1988-89, the Government has formulated schemes setting up the Exchange Risk Administration Fund and issued guidelines for venture capital companies/funds which provide assistance to new entrepreneurs. In order to extend fiscal support to these funds, I propose to extend certain tax concessions to them.

Revenue loss, if any, on account of the proposed relief measures is expected to be made up through better compliance and better collection.

By a notification of the President issued on 7 November 1988, the Income-tax Act stands extended to the State of Sikkim from the assessment year 1989-90. In view of some operational difficulties, I now propose to extend the Income-tax Act, 1961, to Sikkim only from the assessment year 1990-91. The Wealth Tax Act and the Gift Tax Act have already been extended from 1990-91 assessment year by the Central Government's notification.

Indirect Taxes

I shall now proceed to deal with my proposals relating to indirect taxes.

In formulating these proposals, I have been guided by the imperative need for raising additional resources. In doing so, I have taken care to see that items of mass consumption are not unduly affected and that the burden falls largely on relatively affluent sections of the population.

Specific Duty Rates Up

As the House is aware, problems of evasion of excise duties through undervaluation and related administrative problems have led to specific rather than ad valorem duties on a large number of commodities. In fact of the total excise revenue, about 70 percent is derived from commodities carrying duties as specific rates. In the case of many commodities which are subject to specific rates of excise duty, the duty incidence is substantially lower than what it was when the specific duties were fixed originally. There has to be a system whereby all specific rates are revised upwards periodically keeping in view price increases. I propose to make a beginning in this regard in this Budget by increasing the existing specific duty rates of a substantial number of commodities by a modest 5 percent of current rates with suitable rounding off. I hasten to add that I have taken care to ensure that items of mass consumption are kept outside the purview of this adjustment. The items on which there will be no change in the rates of excise duty include sugar, tea, coffee, petroleum products like kerosene, diesel and motor spirit, bidis, vegetable oils, vanaspati, cotton yarn and fabrics, jute yarn and fabrics and

electric bulbs and fluorescent tubes. Similarly, the existing exemption for newsprint and specified paper intended for use in the printing of textbooks or other books of general interest remains unaltered.

It is expected that the upward revision of specific rates will yield an additional excise revenue of Rs 220 crores.

There are some commodities which are charged to excise duty at specific rates and which would call for a higher rate of adjustment than what has been proposed in general. I now come to my proposals in regard to these commodities.

2. Iron, Steel To Cost More

In the case of iron and steel, the specific rates of duty have not been changed significantly for over a decade now. As a revenue raising measure, I propose to raise the rates of duty on these items. The duty on pig iron is proposed to be increased from Rs 80 to Rs 200 per tonne. On steel items other than stainless steel, such as ingots, billets, bars, rods, etc. presently attracting duty of Rs 365 per tonne, I propose to increase the duty to Rs 500 per tonne. The duty on certain hot rolled flat products such as sheets, strips, etc., is proposed to be raised from Rs 500 to Rs 700 per tonne. In respect of certain cold rolled flat products such as sheets and strips, the duty is proposed to be raised from Rs 715 to Rs 900 per tonne.

There are certain assessment disputes in the case of forgings and castings as the duty rates vary depending upon the classification. As a measure of rationalisation and to prevent such disputes, I propose to levy a uniform rate of duty of Rs 800 per tonne on steel forgings and Rs 600 per tonne on steel castings.

In the case of stainless steel where the duty incidence is rather low, I propose to raise the duty on ingots, semi-finished products and hot-rolled products from the existing rates to Rs 1,000 per tonne and on certain cold-rolled products from Rs 715 per tonne to Rs 1,500 per tonne. Stainless steel castings and forgings will also attract a duty of Rs 1500 per tonne.

Similar duty adjustments are proposed to be made on other iron and steel items. In the case of dutiable downstream products, MODVAT [Modified Value-Added Tax] credit on iron and steel items would continue to be available.

These measures are expected to result in additional excise revenue to the tune of Rs 150 crores and customs revenue of Rs 18 crores.

No finance Minister can resist the temptation of looking to smokers of cigarettes for augmenting excise revenue. I must confess that I, like most of my predecessors, readily submitted to this temptation. Smokers who do not pay any heed to the statutory warning to their health should, I feel, at least contribute more to the health of the

national economy. I propose to restructure the duty rates on cigarettes. While generally the duty rates are being raised, the extent of increase would be more in the case of filter cigarettes of length above 70mm. However, non-filter cigarettes of length up to 60mm will carry a rate of excise duty of Re 1 per packet of 10. These measures are estimated to yield excise revenue to the tune of Rs 101 crores.

Having revised the duty structure on cigarettes, I would not like users of pan masala to feel aggrieved that they have been let down. I propose to double the excise duty presently being levied on pan masala not containing tobacco for the two existing slabs based on value from Rs 10 to Rs 20 per kg to Rs 20 and Rs 40 per kg, respectively. Simultaneously, I propose to increase the excise duty on pan masala containing tobacco from 25 to 30 percent. The revenue implication of these measures is Rs 8 crores.

As the House is aware, molasses is the principal raw material for the manufacture of liquor. In keeping with its end use, I feel, molasses can bear a higher incidence of duty than at present. I accordingly propose to increase the excise duty on molasses from Rs 60 to Rs 120 per tonne. I propose to increase suitably the credit of money that is presently available when alcohol is used in the manufacture of chemicals. It is estimated that this measure will yield additional excise revenue to the tune of Rs 11 crores.

Air Travel Tax

I have a couple of proposals relating to travel tax.

At present, Foreign Travel Tax is being levied at the rate of Rs 50 per ticket for travel to neighbouring countries and Rs 100 per ticket in respect of travel to other countries. These rates have not undergone any change since 1979. I propose to increase the aforesaid rates of tax to Rs 150 and Rs 300 respectively.

As the House is aware, the Government has invested substantial sums of money in developing our airports and providing infrastructural facilities therein. Keeping this fact in view, the privileged few who can afford to fly within the country should not mind if they are to pay a small extra amount as tax for augmenting revenues. I intend to levy a new tax called Inland air Travel Tax at 10 percent of the basic fare. However, I propose to exempt passengers paying air fare in foreign currency. There will also be a provision for exempting deserving special categories of passengers from this tax.

The proposals relating to travel tax will be given effect to from a date to be notified later and are expected to yield additional revenue to the tune of Rs 85 crores.

Having dealt with those who fly, I now turn to those who drive. Let me deal with my proposals in regard to the automobile sector.

As Honourable Members are aware, presently there is a concessional rate of excise duty of 25 percent in respect of fuel efficient cars of engine capacity not exceeding 1000 cc and 30 percent in respect of such cars of engine capacity exceeding 1000 cc as against the rate of 35 percent for other cars. I feel fuel efficient cars have established themselves and there is no necessity to continue with the concessional rates any more. I accordingly propose to levy a uniform rate of 35 percent on all motor cars. This rate will apply to vans and jeeps also. The revenue gain from this measure will be Rs 100 crores.

Currently the excise duty on two wheelers of engine capacity not exceeding 100 cc is 15 percent and that on others 25 percent. I propose to restructure the excise duty on two wheelers into a four-tier regime. The rate of duty on two wheelers up to 50 cc will remain at the present level of 15 percent. The duty on two wheelers between 50 and 100 cc is being raised from 15 percent to 20 percent. There is no change in the rate of excise duty of 25 percent on two wheelers between 100 and 150 cc. The rate of duty on two wheelers above 150 cc will be 30 percent. This measure is expected to yield additional revenue of about Rs 26 crores.

I also propose to give some concessions in customs duties to this sector keeping in view the need to encourage domestic production and hasten the process of indigenisation.

I further propose to prescribe a concessional duty of 40 percent on machinery imported for the manufacture of fuel injection equipment, which is a vital component for

the automobile sector. The same rate would be applicable to components imported for manufacture of fuel injection equipment. The concessional rate would be available only to the units manufacturing under an approved phased manufacturing programme.

The concessions in customs duty to the automotive sector will have a revenue implication of Rs 19 crores.

I now come to the package of measures relating to the electronics sector. This is one of the fast growing sectors in our economy and is in a position to contribute more to the exchequer. My proposals in regard to this sector are oriented to giving a greater stimulus to the process of indigenisation.

The members of the House are aware that television has offered considerable entertainment to our people. It would be in the fitness of things that television viewers who derive such entertainment should contribute more to the resources of the government and thereby to the programmes of national development.

At present, black and white television sets of screen size exceeding 15 cm and up to 36 cm are completely exempted from excise duty. While continuing the exemption for such sets, I propose to increase the excise duty on the picture tube of such sets to Rs 200 per tube. Black and white television sets of screen size exceeding 36 cm attract excise duty of Rs 300 per set. I propose to increase this rate to Rs 500 per set.

Budget at a Glance

	1987-88 Actuals	1988-89 Budget estimates	1988-89 Revised estimates	1989-90 Budget estimates (in crores of rupees)
Revenue Receipts	37,226	42,798	43,135	52,630
Tax revenue (net to Centre)	28,015	31,890	32,652	38,387
Non-tax revenue	9,211	10,908	10,483	14,243
Capital receipts	22,026	23,278	24,708	22,194
Total receipts	59,252	66,076	67,843	74,824
Non-Plan expenditure	40,869	47,846	48,877	54,347
On revenue account	36,458	41,936	42,883	47,875
On capital account	4,411	5,910	5,994	6,472
Plan expenditure	24,199	25,714	26,906	27,814
On revenue account	9,905	10,704	11,282	11,767
On capital account	14,294	15,010	15,624	16,047
Total expenditure	65,068	73,560	75,783	82,161
Revenue expenditure	46,363	52,640	54,165	59,642
Capital expenditure	18,705	20,920	21,618	22,519
Revenue deficit	9,137	9,842	11,030	7,012
Overall deficit	5,816	7,484	7,940	7,337
Increase in net RBI Credit to Central Government*	6,559	7,484	8,200	7,337**

*Including other variations in Reserve Bank of India's credit to Central government.

**Not independently estimated.

3. Duty Revised on TV Sets

As regards colour television sets, the present duty is Rs 1,500 per set of assessable value up to Rs 5,000 and Rs 2,000 per set of assessable value of more than Rs 5,000. This duty structure has led to some valuation disputes. Some high value sets have also entered the market. A review of the duty structure on colour television sets is therefore called for. I propose to fix a duty of Rs 2,250 per set without remote control, Rs 2,500 per set with remote control and Rs 4,000 per set having the facility of 'picture in picture.'

I also propose to fix a uniform rate of 20 percent on radio sets, two-in-ones, cassette recorders and musical systems, as against the present rate of 15 or 20 percent.

I propose to increase the excise duty on computers from 10 percent to 15 percent ad valorem. At the same time, computers are being taken out of the general scheme of exemption for the small-scale sector.

Presently, specified raw materials and piece parts imported for the manufacture of specified electronic components attract customs duty at the rate of 35 and 50 percent respectively. While extending concessional duty to a larger number of items, I propose to raise these rates to 40 and 60 percent respectively.

These proposals relating to electronic items are estimated to yield additional revenue to the tune of Rs 158 crores in excise and Rs 36.5 crores in customs.

I have some concessions in customs duty to announce for the electronics sector. In the last year's Budget, a uniform rate of import duty of 100 percent was provided to a large number of equipment for telecommunication, satellite communication, data communication, television transmission and studio and sound broadcasting. I propose to extend the concession to 35 more specified equipment.

Optical communication cables are essential for telecommunication. In order to encourage the manufacture of such cables in the country, I propose to reduce the import duty on specified raw materials required for their manufacture from the present rates varying from 130 to 300 percent to the level of 80 percent.

With a view to encouraging production of high-tech items like large scale integrated circuits, microprocessors and other microelectronic items, 22 items of machinery have been given a concessional import duty of 15 percent. I propose to extend the concession to five more items of machinery.

The concessions in customs duty to the electronics sector will have a revenue implication of Rs 33 crores.

I have a package of measures in regard to the customs duty structure for capital goods.

Concession for Machine Tools

At the time of presenting the 1987 Budget, the Hon'ble Prime Minister had emphasised the importance of the capital goods industry and had stated that it is central to our efforts for achieving self-reliance and to promote the growth of this sector. Important steps were initiated that year. The success brought forth by these measures encourages us to continue further along those lines. My first proposal is to extend the duty concession for import of machinery under the technology upgradation scheme for the capital goods industry to four more sectors. These are cutting tools, commercial tool rooms, textile machinery and paper machinery. In addition, for the machine tool sector, I propose to expand the list of machinery items attracting concessional duty.

I propose to rationalise the import tariff of capital goods. The rate of import duty on general projects and machinery is being reduced from the existing 90 to 80 percent ad valorem. The rate of duty on components which is 15 percent below the rate applicable to the machinery would get correspondingly reduced.

The next step in this regard would be rationalising the rate of concessional import duty on specified machinery which presently varies between 25 and 35 percent. This is being unified and fixed at 40 percent ad valorem. There would, however, be no change in the case of fertilizer projects. In the case of power projects, the increase would be by five percentage points.

The rationale for these changes lies in the desirability of reducing the dispersion in tariff rates as much as possible. In pursuit of this objective, I am introducing an intermediate level of duty of 60 percent ad valorem. This will apply to certain specified items of machinery which are manufactured indigenously such as captive power plants, certain types of generating sets and circular looms for jute industry.

As a measure of facilitating the export thrust sectors to upgrade their technology by importing modern machinery, concessional duties have been prescribed from time to time on machinery for specified thrust sectors. I propose to extend the concession to rubber and canvas footwear sector and to expand the existing list of machinery for textile and sericulture sectors.

These measures relating to capital goods are estimated to result in a loss of customs revenue of about Rs 117 crores.

Duty on Aluminium Up

As I have mentioned earlier in my speech, pricing and distribution of aluminium is being decontrolled with immediate effect. In this context, I propose to increase the excise duty on aluminium ingots and wire-rods from the existing level of 18 percent [to] 20 percent ad valorem plus Rs 2500 per tonne. Since MODVAT credit in regard to primary aluminium would be available for

dutiable downstream products, I propose to increase the duty on most of such products by 10 percentage points. It is also proposed to exempt aluminium ingots from basic and auxiliary duties of customs. The basic customs duty on aluminium scrap is being reduced from 30 to 15 percent. The net revenue yield from these measures will be Rs 50 crores.

There are certain commodities which attract a low rate of customs duty at present and these call for a review. I propose to raise the import duty on wood pulp, waste paper, low ash coal, raw petroleum coke and certain chemicals by five percentage points over the existing rates. On benzene, I propose to raise the basic customs duty from the existing nil rate to 25 percent ad valorem. The revenue gain from these proposals will be Rs 39 crores.

Duty on Glazed Newsprint Raised

I propose to increase the basic customs duty on glazed newsprint from Rs 550 per tonne to 30 percent ad valorem. This will yield additional revenue of about Rs 12 crores.

Watches and components thereof presently bear a low rate of excise duty of 2 percent ad valorem. This rate was fixed in order to encourage indigenous production of watches. This measure has been successful. I think the time has come when the watch industry can bear a higher duty. I propose to increase the rate to 5 percent ad valorem. This will result in a revenue gain of Rs 5 crores.

I shall now deal with my package of proposals in regard to the agrobased and related industries.

As Honourable Members are aware, the growth of food processing and packaging industry is essential for increasing value additional of agricultural produce and raising incomes of farmers. As part of Budget proposals last year, excise duty on parts and accessories going into the installation of cold storage plants for preserving foodstuffs was reduced from 40 to 15 percent. I now propose to extend the concessional rate of 15 percent to parts of refrigerating appliances and machinery as well as compressors intended to be used in refrigerated vans meant for transport of food and dairy products.

At present, 34 specified items of food processing and packaging machinery enjoy a concessional import duty of 35 percent. I propose to extend the concessional rate to a few more specified items of machinery such as transport refrigeration unit and machinery for egg processing. The concessional rate of duty as stated earlier is now being fixed at 40 percent.

4. Fillip to Food Processing

I propose to reduce the excise duty on skimmed milk powder and condensed milk from 15 to 10 percent. Simultaneously the exemption from excise duty on

skimmed milk powder in one kilogram pack is being withdrawn. The excise duty on certain other food preparations such as preparations of fish, meat, tapioca and sago in unit containers is being reduced from 15 to 10 percent. Namkeens such as bujiyas and chabena and specified ready-to-cook mixes such as idli-mix and vada-mix are being fully exempted from excise duty.

A concessional import duty of 61 percent has been provided for certain specified items of machinery for the marine food sector. I propose to further reduce the rate to 40 percent and enlarge the list by adding three more items of machinery for fishing. In addition, I propose to reduce the import duty on machinery for the manufacture of fish nets from 90 to 40 percent.

Impetus to Seed Production

One of the proposals contained in the New Policy on seed development announced in September 1988 relates to the reduction of import duty on machines and equipment used for seed production and processing and quality control for which technology upgradation is necessary. I propose to prescribe a concessional import duty of 40 percent on 12 specified items of such machinery and equipment.

In order to help improve the quality of poultry feed, I propose to reduce the import duty on two specified amino acids from the present level of 147.25 to 70 percent.

To give relief to the jute industry, I propose to exempt from excise duty jute yarn supplied to a registered handloom cooperative society or an organisation set up or approved by the Government. This exemption will be available for the purpose of development of handlooms for manufacture of fabrics other than those used for jute sacks. I also propose to extend this exemption to units set up by the Khadi and Village Industries Commission and Boards.

Relief on Paper

Paper and paper board containing not less than 75 percent by weight of bagasse is totally exempted from excise duty. In order to further encourage the use of unconventional raw materials for the manufacture of paper and thus reduce the pressure on forest based raw materials, I propose to extend full excise duty concession to those varieties of paper and paper board which contain not less than 75 percent of pulp made from raw jute or mesta. This measure may incidentally help the jute industry.

For helping the farmers to get better prices for their produce, I propose to increase the basic customs duty on cinnamon from Rs 20 per kg to 90 percent ad valorem plus Rs 20 per kg and that on cloves from Rs 60 to Rs 95 per kg.

To give a major thrust to marketing of products of the Khadi and Village Industries sector, I propose to make an exception in regard to availability of small-scale concession where the products bear the brand name of Khadi and Village Industries Commission and Boards. The existing concession for products of village industry marketed by or with the assistance of the Khadi and Village Industries Commission is being extended to furniture and ceramic products.

These measures relating to agrobased and related industries are estimated to result in a revenue loss of Rs 5 crores of customs duty and Rs 8 crores of excise duty.

Duty on Matches Cut

On a review of the excise duty structure for the match industry, I feel there is need for revising the duty rates for the different sectors of the industry. Currently, excise duty is being levied on the mechanised, semi-mechanised, non-mechanised and cottage sectors of the industry at Rs 5.85, Rs 4.15, Rs 3.50 and Rs 1.60 per gross of boxes respectively. I propose to bring down the aforementioned rates to Rs 4.50, Rs 3.00, Rs 2.50 and Rs 1.10 per gross. Simultaneously, I propose to increase the excise duty on potassium chlorate, an essential raw material for the manufacture of matches, from 15 per cent ad valorem which works out to roughly Rs 2 per kg to Rs 5. The duty rates will be converted into metric system and specified as applicable to 100 boxes with effect from 1 June 1989. These proposals involve a revenue sacrifice of Rs 11 crores in excise duties.

Viscose Staple Fibre

In view of the shortage of cotton due to drought, as part of the Budget proposals last year, a concessional duty of Rs 5.22 per kg was prescribed on viscose staple fibre for blending with cotton. However, with the increased availability of cotton this year, there is no further necessity to continue the concession. I propose to withdraw the concessional rate and fix a uniform rate of Rs 8.35 per kg on viscose staple fibre. The revenue gain from this measure will be of the order of Rs 14 crores.

I propose to exempt raw wool to be imported by Khadi and Village Industries Commission and State Khadi and Village Industries Boards from the whole of the duty.

The customs duty on raw silk is being reduced from 75 to 50 percent ad valorem.

Dyestuffs are important inputs for the processing of textiles. This commodity carries at present an excise duty of 35 percent. I propose to reduce the excise duty on synthetic organic dyestuffs from 35 to 30 percent. This proposal which will benefit this textile related industry involves a revenue loss of Rs 19 crores.

Synthetic shoddy blankets of value up to Rs 60 per square metre are being exempted from the whole of excise duty.

I propose to give certain concessions in customs duty to specified life-saving drugs and drug intermediates. The proposals in this regard are likely to result in a revenue loss of about Rs 7 crores.

Relief to Cement Units

In order to give relief to cement units using vertical shaft kiln, I propose to reduce the excise duty on cement manufactured by such units by Rs 100 per tonne from the general effective rate. This involves a revenue loss of Rs 10 crores.

As a step towards energy conservation, I propose to reduce the excise duty on high pressure sodium vapour lamps from 15 to 10 percent. Simultaneously, I propose to prescribe a concessional import duty of 50 percent on four specified inputs for manufacture of such lamps. These measures are estimated to result in revenue loss of Rs 2.5 crores in excise revenue and Rs 5 crores in customs revenue.

Benefits for Feature Films

There have been representations that the film industry has been adversely hit by video piracy. I accordingly propose to restructure the excise duty rates on feature films. As per the revised proposal, the first 30 prints of each feature film would be eligible for complete exemption from excise duty as against the first 12 prints at present. The rates of duty on subsequent prints are being reduced.

Some of the organisations engaged in the rehabilitation of physically or mentally handicapped persons undertake manufacturing activity for providing employment to such persons. Presently, such organisations are eligible for excise duty exemption only to the extent available for specified goods manufactured in the small scale sector. I propose to exempt fully such goods produced by these organisations.

In order to promote safety in chemical industry and environmental control, I propose to extend concessional import duty of 40 percent on 25 specified equipment such as monitoring instruments for toxic and hazardous chemicals or gases, special incinerating systems, etc.

Paraxylene is an important raw material used in the manufacture of DMT and PTA which in turn are used by the polyester industry. Keeping in view the recent trends in the international price of paraxylene, I propose to reduce the import duty on paraxylene from 120 to 90 percent.

There are a few rationalisation and anti-evasion measures relating to customs and excise duties.

Presently, petro-chemical factories are eligible for certain concessions including concessional excise duty on naphtha when they are declared as refineries. The present scheme has been reviewed and I propose to make available the concessions with certain modifications, without linking the concessions to the declaration of a factory as a refinery. Simultaneously, I propose to raise the concessional rate of duty on raw naphtha from Rs 30 to Rs 60 per kl. The orders declaring certain factories as refineries are being rescinded.

Small scale units are allowed complete exemption from excise duty up to a value of Rs 30 lakhs in case they manufacture goods falling under more than one heading of the Central Excise Tariff. I propose to restructure the scheme so that the exemption up to Rs 30 lakhs is available only if the goods falling under more than one Chapter of the Central Excise Tariff are manufactured.

The details of the revenue implications of the measures announced are given in the Explanatory Memorandum to the Finance Bill.

Provision is being made in the Finance Bill for continuance of auxiliary duty of customs and special excise duty at the existing rates.

Changes in Tariffs

Apart from the above proposals, I have proposed certain amendments in the Finance Bill seeking to effect changes in the excise and customs tariffs. These amendments are merely enabling provisions and have no revenue significance. Besides, there are proposals for amendment of some of the existing notifications. In order to save the time of the House, I do not propose to recount them.

In the aggregate, the proposals in regard to changes in the customs and excise duties outlined above are likely to yield an additional revenue of Rs 863.20 crores from excise duties and Rs 117.06 crores from customs duties. The concessions and reliefs announced aggregate Rs 237.12 crores on the customs side and Rs 71.02 crores on the excise side. The net additional revenue from excise duties would thus be Rs 792.18 crores. On the customs side, there is a net revenue loss of Rs 120.06 crores. Besides, the changes in the Foreign Travel Tax and the levy of Inland Travel Tax would yield an additional revenue of Rs 85 crores. Thus, out of the total net additional yield of Rs 757.12 crores from indirect taxes, the Centre's share would be Rs 373.13 crores and that of States Rs 383.99 crores.

The Medicinal and Toilet Preparations Act is an enactment under Article 268 of the Constitution in terms of which duties are levied by the Union, but collected and appropriated by the States. There has been no change in the rates of duties leviable on medicinal and toilet preparations containing alcohol, narcotics and narcotic drugs since 1982. There have been requests from the State Governments that the rates should be reviewed and

revised suitably. While I do not propose to make any changes in the ad valorem rates, I propose to increase the specific rates by about 50 percent of the existing rates. The details of the changes made in the schedule are given in the Explanatory Memorandum to the Finance Bill.

Copies of notifications giving effect to the changes in customs and excise duties effective 1 March 1989 will be laid on the table of the House in due course.

The modifications proposed by me in direct and indirect taxes are expected to yield Rs 903 crores to the Centre. Taking this into account the year-end deficit for the next year is estimated at Rs 7,337 crores.

Containing Imports

Sir, the proposals I have just presented mark, in their totality, a qualitatively new stage in our continuing quest for social justice. The new employment programme, which will expand over time, is the people's own weapon in their struggle to usher in a society liberated from the shackles of poverty. The Budget proposals also reflect the Government's strong commitment to self-reliance. We are determined to vigorously implement strategies for export promotion for modernisation of Indian industry and for efficient import substitution. Within these basic policy parameters, every effort will be made to contain imports at reasonable levels. The journey along the path of development is hard and long. It involves sacrifices. The question is who will make such sacrifices for future growth and prosperity. The answer of these Budget proposals is clear and categorical. It is the relatively affluent who will have to share a larger burden so that the weaker and vulnerable sections of the society may share in the fruits of growth.

I commend the Budget to the House.

Correspondent Gives Background for CPI 14th Congress

46001341 Calcutta *THE STATESMAN* in English
3 Mar 89 pp 1, 7

[Article by Our Special Representative]

[Text] History will repeat itself when the CPI's [Communist Party of India] seven-day 14th party congress begins in Calcutta on 6 March. Not only will the city be the venue of such an event after a gap of 41 years but like the second congress held in 1948 it will debate one of the most contentious issues now confronting the Indian Communist movement—the need for Communist unity.

If the second congress is remembered for spawning the much decried adventurist line whose formulation was "an expression of revolt against the undivided party's top leadership pursuing an anti-struggle and collaborative line to help the then rulers of the country," the 14th has already provoked a major polemical battle by making Communist unity its focal point.

Although CPI leaders are fully aware that a badly divided Communist movement cannot be united in the near future, they have accorded "highest importance" to the subject for discussion at the congress "since it provides a perspective with which all Communists should start a calculated and well coordinated work for realizing the unity goal one day." Mr Indrajit Gupta and Mr Biswanath Mukherjee hope that even if various parties and groups cannot unite, the least they can do is to cooperate with one another in building a powerful mass movement."

The CPI feels that the fact that the unity issue has become "a subject of heated debate" with the CPI(M) [Communist Party of India-Marxist] has already succeeded in giving momentum to its political campaign. Many CPI members feel that their present predicament is somewhat reminiscent of their plight, during the second congress when in their zeal to fight against their leadership's line of compromise and opportunism, party ideologues paved the way for left adventurism which manifested itself in armed violence in Kakdwip and elsewhere.

There have been innumerable calls for unity since the 1964 split. However, it has mostly been the CPI which has unilaterally stressed the need for merger even since it publicly admitted at the 11th Bhatinda congress in 1978 that it was a mistake to support the Emergency. Overtures by the CPI and offers of adjusting its political line and programme reflect an anxiety to restore the party to the mainstream of Left politics and make itself more acceptable to the country's strongest Communist force—the CPI(M).

The CPI discarded the "line of capitulation" at Bhatinda by saying that a working class party could not have an alliance with Congress and all those representing the bourgeois interests "under the pretext of fighting right reaction and imperialist intervention." Such a line was bound to alienate the party from its class support. The present West Bengal CPI leadership, dominated by pro-merger elements, was the first in the all India party to revolt against the party's support to Mrs Gandhi.

It was not until the 12th party congress at Varanasi that a chain of events initiated the unity move. The pro-unity group led by Mr C. Rajeshwar Rao took over full charge by ousting Mr S.A. Dange. In the 1980 Lok Sabha polls, the CPI entered into seat adjustments with West Bengal's Left Front without joining it. Two years later it formally joined the Front without any preconditions. As its strength in the Front grew, its criticism of both the Congress(I) and communal forces became more consistent and strident, bringing it closer to the CPI(M).

The disappearance of the factors responsible for the 1964 split also contributed to moves to draw closer together. The CPI(M) now not only accepts the CPSU [Communist Party of the Soviet Union] line that war is

not inevitable but lends full support to the Soviet leadership in leading the world peace movement. In keeping with the international trend of reducing tension, the two parties have set up a coordination committee for united political action. Both the CPI(M) and the CPI are also committed to creating a Left, secular and democratic alternative to the Congress(I).

However, this is where harmony ends and dissimilarities begin. Ideologically and politically both parties are still apart. They differ on defining the class character of the Indian state, the CPI(M) believing in people's democracy, and the CPI in national democracy. Also, there are basic differences on the tactics to be adopted to remove the Congress(I) from power, gross dissimilarities in their assessments of regional parties like the Telugu Desam, AGP [Asom Gana Parishad (Assam People's Council)], and of communal parties.

CPI leaders plead that these differences "are not fundamental in nature." Pointing to a divergence of opinion within the CPI(M), and also in the Left Front, on the role of the National Coordination Committee, on Congress(I) participation in the peace movement, and on whether the Left Front is a government of relief or an instrument of struggle, they ask, "Have these differences been able to keep the Left parties away from the Left Front?"

But the point is that during 64 years of preaching and practising Communism, the CPI and CPI(M) have not made any headway except in West Bengal, Kerala, Tripura and, to some extent, in Bihar. They poll only 16 percent of the total votes. Communist leaders say, "If even working class unity cannot be achieved, the Left will never be a determining factor in national politics. The CPI(M) in West Bengal seems to refuse to admit that its preponderant strength in the State is an isolated phenomenon. This uneven development of the Communist movement makes the unity of Communists a historical necessity."

According to the CPI, unification is necessary to mobilize more than the individual strength of the various Communist parties and groups. "Without unity mutual acrimony and rivalry among Communists will not be removed." Pointing to the fact that even the Soviet and Chinese parties are seriously trying to repair fractured relations, a CPI veteran claimed that "a united movement would serve as an anti-dote to the mischief and bickering engineered by other constituents in the Left Front."

Considerable significance is attached to the congress being held in Calcutta, which is seen as proof of the party's returning self-confidence and a pointer to its fast recovery from total isolation in West Bengal. "Our state party suffered the most because of its support to the Emergency. The CPI(M) grew because of our mistakes. But now we have regained much of our lost ground and this congress is expected to spread our influence further," say CPI leaders. "Our rally at the Brigade

Parade Ground on 12 March will demonstrate whether we exist in Bengal. Through this congress we will propagate the message of Communist unity in the citadel of the Left and project ourselves as an unflinching fighter for the cause."

They saw Mr E.M.S. Namboodiripad's closing speech at the Trivandrum party congress giving a call for Communist unity as a hopeful sign. "But the same can not be said about the West Bengal CPI(M) leaders whose opposition stems from a sense of insecurity. They are worried that unity will bring about new equations and a realignment of lines and forces which will not only be inconvenient for the present state CPI(M) leadership but will curb its dominant role in CPI(M) politics." Accusing West Bengal's CPI(M) leaders of "a hegemonic mentality," a prominent CPI politician says, "The sooner they give up this approach the better is the scope for unity."

Papers Report Statements, Views of CPI-M Leadership

Surjeet in PEOPLE'S DEMOCRACY
46001340 Calcutta *THE STATESMAN* in English
3 Mar 89 p 4

[Text] New Delhi, 2 Mar—Even while the CPI [Communist Party of India] has decided to renew its call for communist unity at its 14th party congress to begin in Calcutta next week, the CPI(M) [Communist Party of India-Marxist] has rebuffed all such overtures on the ground that unity is not possible because of continuing programmatic differences between the two parties.

In a lengthy article in the forthcoming issue of PEOPLE'S DEMOCRACY, the CPI(M) Politburo member, Mr Harkishen Singh Surjeet, has analysed in detail the CPI's revised party programme and concluded that the CPI continues to be wrong in its assessment of the character of the state and the role of the various classes in carrying forward the revolution.

Before analysing the CPI's formulations on the subject, Mr Surjeet rules out unity by stating, "Unfortunately, the question of unity is being posed today without any reference to basic programmatic propositions."

He goes on to say, "Perhaps some well-wishers of the communist movement feel that since the CPI has come closer to the CPI(M) in relation to the tactical line being pursued in the country, and that it now stands for the removal of the Rajiv Gandhi government to be replaced by a unity of Left, democratic and secular forces, the basic differences between the two have been resolved."

He adds, "These friends fail to take note of the fact that until and unless the programmatic differences are resolved, changes in tactical line can take place with any

twist and turn in the situation." It is clear from this that the CPI(M) does not take the CPI's anti-Congressism as a reliable or permanent feature.

At another point, Mr Surjeet notes that "communist unity is not like the unity of bourgeois parties, which comes into existence and goes away. Communist unity is always based on some principles."

The rest of the article quotes extensively from the CPI's draft programme prepared for the 14th congress and shows that the CPI continues to declare the Indian state as "the organ of class rule of the national bourgeoisie as a whole," and calls for national democracy through an alliance between various classes.

The basic difference, according to Mr Surjeet, is that the CPI does not specify the leadership of the ruling class. While the CPI(M) unequivocally states that it is a bourgeois-landlord state led by the big bourgeoisie, the CPI only states that it is a bourgeois state where the big bourgeoisie "holds powerful influence."

Moreover, while the CPI has agreed that this state of the bourgeoisie has "strong links" with landlords, it refuses to go by the CPI(M)'s stand that the bourgeoisie and the landlords are allies and exercise "joint hegemony" in the state.

Describing these differences, Mr Surjeet states: "The present draft programme of the CPI does not answer this question of who is heading the state and against whom the revolution is to be directed. If a clear answer to this question were to be given, there would be no scope left for class collaboration."

Mr Surjeet goes to the extent of obliquely stating that the CPI is not a communist party at all.

Namboodiripad at New Delhi Seminar
46001340 Bombay *THE TIMES OF INDIA* in English
21 Feb 89 p 13

[Text] New Delhi, 20 Feb (The Times of India News Service)—The CPI(M) [Communist Party of India-Marxist] general secretary, Mr E.M.S. Namboodiripad, has indicated strands of his thinking on the international question which mark a break from a resolution entitled "On certain ideological questions" adopted by his party in May 1988.

The resolution, addressing itself to the question of war and peace as propounded by the Soviet leader, Mr Mikhail Gorbachev, and its implications for people's struggles in developing societies, had roundly criticised the new Soviet position for making unwarranted concessions to the imperialist camp.

It had made fun of Mr Gorbachev's ideological "concessions" to the West and his emphasis on the need to defend larger human values and human survival through

actively propagating world peace and peaceful co-existence, saying "...Imperialists are not easily moved by public concern, moral considerations or concern for human values. They calculate everything on the basis of material gains and class prospects."

However, Mr Namboodiripad said yesterday that recent developments in the world have transformed the class struggle—the struggle between the capitalist and socialist world systems as well as the class struggle in individual capitalist countries—into a struggle for saving humanity from impending destruction which cuts across all differences, including the worldwide conflict between two contending classes.

"That is why a broad all-embracing peace movement has developed in the world, of which our own national bourgeois government is a participant," Mr Namboodiripad noted in his presentation at a seminar organised by the Krishna Menon Society.

He also added, "We communists have no hesitation to join hands with this government which represents the oppressive and exploiting classes against whom the mass of toiling people are fighting. This co-operation, however, would not soften or weaken our struggle against the domestic anti-people policies of the Congress government."

It was perhaps not necessary for Mr Namboodiripad to reveal his mind on these issues, for he was speaking on class struggle in India. But he concluded his address by saying it was necessary to refer to class struggle in the international arena.

The CPI(M) document on ideological questions, which demarcated its position from that of the Communist Party of the Soviet Union (CPSU), had raised considerable interest in political, especially communist, circles last year. But to everyone's surprise, it had not been made a part of the documentation or debate at the 13th CPI(M) congress in Trivandrum just over a month ago.

This had suggested possible re-thinking on international questions within the CPI(M) leadership, especially in the light of the important breakthrough in respect of Afghanistan. The Palestine question and Namibia that resulted from Soviet initiatives barely six months after the rejection of the Gorbachev doctrine by the CPI(M), though the party may not have bargained for such early and striking successes flowing from the doctrine.

Another view being considered in political circles was that when the CPI(M) adopted its May resolution, Mr Ligachev, Mr Gorbachev's arch-opponent from the orthodox Stalinist side, was still holding high office in the CPSU politburo, i.e. there appeared to be support for the CPI(M)'s own pro-Stalinist positions within the Soviet leadership under pressure from pro-perestroika elements.

It is still not clear if the view outlined by Mr Namboodiripad marks a personal opinion or suggests an emerging new understanding within his party.

He had another surprise in store on an important domestic issue. Referring to bourgeois economic nationalism of which he had once made a high evaluation, Mr Namboodiripad said that nationalism was further carried forward in the theoretical and practical activities of the bourgeois democratic freedom movement and, after independence, in the successive five-year plans worked out by the Nehru government.

A positive assessment of Nehru or an aspect of his government has not been a feature of the CPI(M) literature.

Namboodiripad at Calcutta Seminar
46001340 Calcutta *THE TELEGRAPH* in English
1 Mar 89 p 1

[Text] Calcutta, 28 Feb—The CPI(M) [Communist Party of India-Marxist] general secretary, Mr E.M.S. Namboodiripad, today ruled out any alliance with the BJP [Bharatiya Janata Party] and urged the Janata Dal and National Front not to vacillate any more on the question of excluding the BJP from the Opposition alliance for the general elections.

Addressing a seminar organised by the SFI [Student Federation of India] at the Brigade Parade Ground this evening, Mr Namboodiripad urged Mr V.P. Singh and Mr Ramakrishna Hegde to forsake all communal forces and take a "forthright" stand on having "only secular and democratic Opposition forces" in the combination against Mr Rajiv Gandhi's Congress(I).

Addressing a press conference after the seminar, the CPI(M) leader said, "We do not accept the theory of ensuring a one-to-one fight against the Congress(I) by uniting all Opposition parties. It is we who were successful in getting the BJP out of the National Front. I am campaigning in such a way that the contingency (of having the BJP in the alliance) can be prevented. I hope I will be successful."

At the outset of his speech at the seminar, Mr Namboodiripad said he would like to "rectify" two misgivings about his party's stand on the issue. "I want to make it clear that there are no such things as a Bengal line and a Kerala line in our party. I would also object to the observation made by Mr R.K. Hegde saying that Mr Jyoti Basu and I differ on the BJP issue. Firstly, there is only one line in our party and that is the line of our central committee or our congress. Our party comprises leaders who are mature enough to express their views on several issues. But once something is decided upon, everyone sticks to that. Secondly, I did not expect a respected leader like Mr Hegde to make an observation which is so devoid of truth."

Mr Namboodiripad's remarks contradicted Mr V.P. Singh and Mr P. Upendra's statements at the same venue a few days ago. While Mr Singh had hinted at having the BJP in the Opposition alliance by arguing that "even Roosevelt and Stalin had joined hands in an emergency," Mr Upendra asserted that "whoever had the strength to defeat the Congress(I) in the polls was welcome" in their combine.

Mr Namboodiripad, however, took a tough stand towards the National Front and Janata Dal in his speech at the seminar. He criticised their leaders for not appreciating the outcome of Mr Rajiv Gandhi's visit to China recently.

The CPI(M) leader, "seriously disagreed" with Mr Singh's and Mr Hegde's idea of "adding up" all the Opposition votes together. He said, "You should know that your gain in few votes (by having the BJP) will be more than counterbalanced by the many votes (of the minorities) that you will lose. Have you thought how you will approach the minorities by having the BJP with you? In that case you will offer the best gift to Mr Gandhi."

Commentary Sees Emergence of Islamic Alliance on Western Border

46240033b New Delhi NAVBHARAT TIMES in Hindi
25 Feb 89 p 6

[Article by Suryakant Bali: "An Islamic Alliance Emerges to the West of India"]

[Excerpts] There were two accusations levied against Pakistan recently. First, it is sending its armed forces into Afghanistan under the guise of Mujahiddin for military action. Second, Pakistan's president Ishaq Khan has announced his plans to form a great alliance with Afghanistan. Yet another story about Iran and Pakistan establishing a strong Islamic defense force is spreading around the world.

Pakistan has denied any act of interference or any plan to take military action in Afghanistan. No one, however, is taking this denial seriously. Pakistan conducted a similar experiment in India-occupied Kashmir in 1948. This accusation appears to carry some weight since Pakistan is famous for using the Mujahiddin angle. As for its forming the 'great coalition' with Afghanistan, Pakistan has not denied the allegation. Instead, news about this coalition is being published regularly. The story about the Teheran-Islamabad line of defense is also becoming more official now. India should now recognize these rumors and allegations and understand that an Islamic alliance is emerging to its west and this alliance will affect it greatly.

What kind of alliance is this? The geopolitical situation of the secular India in Asia is very strange. All countries located to its west are Islamic and those situated to the east have a majority of Buddhists. There is another factor which we should also consider. Pakistan, Iran, and

Afghanistan are the three countries between India and the Persian Gulf. These countries are non-Arabic and share history and some ancient (as well as modern) languages with India. Iraq and other countries to its west are Arab countries. Thailand, Indonesia, and Cambodia to our east have a lot of Indian influence. India's influence in other countries is limited to the spread of Buddhism. Tibet and China in the north and Sri Lanka in the south are wholly Buddhist countries. How can India's foreign policy, especially in Asia, manipulate this linguistic and religious composition? This is a big question requiring a separate and extensive analysis. First, we must try to understand the formation and results of the Islamic alliance emerging in the west against the background of other Asian countries.

[Passage omitted] Iran has started looking for new friends after spending 8 years in a no-win war with Iraq. The way Iran played its Afghan refugee card in the Shura assembly that met in Islamabad to discuss the future government of Afghanistan to defeat Gulabbudin Hikmatyar indicates that Iran has selfish interests in Afghanistan. It is obvious that a Mujahiddin government will be established (only) if and when Iran's foreign minister Akbar Ali Villayti and Pakistan's foreign minister Yakub Khan can meet and agree on terms. Meanwhile, both Iran and Pakistan are announcing the establishment of a united front for protecting Islam. In other words, even if Pakistan and Afghanistan do not form an alliance, Iran and Pakistan still will be able to establish a united front to protect Islam. This defense line will emerge simultaneously with the fall of the Najib government in Kabul. If Najib's government does not fall, then Afghanistan will be divided and this defense line will emerge with Jalalabad as the capital. This defense alliance can be called an Islamic alliance which will be right across from Amritsar. This coalition will have the support of the United States of America. (Perhaps, this support is already there or this coalition is even being formed at its insistence.) This is evident from the improved relations between Iran and the United States. The Rushdie affair is an exception here.

Now the second issue. Against whom will this alliance work? Since Afghanistan will only be the sacrificial lamb in this process, the real power will be controlled by Iran, Pakistan, and the United States. These three countries have their own selfish reasons. We will discuss India later. The United States only one purpose, and that is to bother the Soviet Union. The Soviet Union occupying Afghanistan was a thorn in its side. Now the situation is different. This Islamic coalition emerging to the west of India is also to the south of the Soviet Union. The Soviet Union has six Republics—Uzbekistan, Turkmenistan, Azerbaijan, Tajikistan, Kazakhstan and the Ukraine—right there. These Muslim states are closer to Iran and Afghanistan than to the Soviet Union from a religious point of view. If the United States is influential, and it will be, in the new Islamic alliance, it will be able to cause anarchy and unrest in these six Soviet Socialist Republics and make the Soviet Union miserable.

Iran has two goals. One internal and the other external. An undeclared war has been raging between the fundamentalists and liberals in Iran. Iran never has been as fundamentalist as Khomeini claims it to be. Khomeini has lost some face in front of the liberals because of the war with Iraq. He is adopting more fundamentalist attitude than necessary. We have to view the assassination threats to Salman Rushdie in this context. Khomeini's supporters will greatly benefit by this Islamic alliance.

Iran's problem appears to be different from the outside. All Arab countries including Iraq refuse to give to the fundamentalist Iran the respect that Khomeini wants. The Arab countries consider the non-Arabs as the Muslims of Aryan descent. It should be remembered here that the uprooted Shah Pahlavi of Iran used to call himself "Arya mehr" meaning the Aryan Sun. Iran wants to establish an alliance of non-Arab Islamic countries under the protection of the powerful United States.

Pakistan has four goals. Afghanistan was never a friend of Pakistan and always was friendly with India. This fact has always bothered Pakistan. If an Afghanistan with the capital in Kabul or Jalalabad becomes a member of this Islamic alliance, it will be not only an ally of Pakistan but also its puppet. The second goal is the solution to the Pashtoon problem which has been a headache for Pakistan since its establishment. The alliance will change the whole scene and this problem will disappear totally. The third goal is related to its internal politics. The people of Pakistan hoping to gain a democratic government once more have given the right to rule to Benazir Bhutto. However, this fact is not acceptable to the fundamentalists and they will not be able to rest until they have removed her from office. If the Pakistan-Iran joint defense line is formed and Ishaq Khan's Pakistan-Afghanistan union is established, the whole environment will be so fundamentalist that Benazir will not even be able to breath in it. There must be some reason for Benazir's silence during the last 2 weeks. Her democratic government might be the first to fall when this alliance is formed.

The fourth and the most important goal for Pakistan is related to India. Pakistan has neither been successful in defeating India nor it has been able to vindicate itself for the loss of Bangladesh. The Khalistan card that Zia played in Punjab has been unsuccessful. It is not surprising if his ideological successors try to find new ways [to attack India]. Pakistan is at the brink of making an atom bomb and is working jointly with Iran at their atomic research center. As soon as the Islamic alliance is formed and the Islamic bomb is ready, Mirza Aslam Beg will send his troops to the areas where we do not want them. From our experiences of 1948, 1965, and 1971 we know he will do it again. Even if it does not happen, the United States will be able to annoy India a lot. In order to maintain its neutral position, unity, and independence, India will have to use all its resources on defense. It will also have to worry about protecting the Indian Ocean. This will adversely affect its developmental plans and its

prestige in South Asia. India's problems will increase many fold if China gives its approval to this alliance. The danger for India will be very obvious.

What should India do? India has to recognize that this alliance is being formed against it. It must formulate such a foreign policy in South Asia as to frustrate its formation. A little diplomacy can help India achieve this goal. Fortunately for India, the Pakistani people are very supportive of a democratic government, Afghanistan always has been India's friend, and Iran never really has been our enemy as our mutual interests never came in conflict with each other. India should strengthen these three elements. The success of Benazir is important for a democratic government in Pakistan. India should solve the Siachin problem in Kashmir to strengthen Benazir's position. India should establish new relations with Pakistan by exchanging cultural delegations and signing a new friendship agreement. This will not be difficult as long as Benazir is in power. Iran never has been India's enemy. Now we should work on increasing friendly relations with it. Of course, friendly relations with Khomeini's Iran are not only difficult but almost impossible. There is, however, no dearth of liberals in Iran. If we keep strong ties with them they will not let such an alliance emerge. If an alliance is formed, they will make sure that the alliance is not effective. We have lost our traditional friend Afghanistan by remaining quiet about the Soviet intervention and alienating the Mujahiddin. Now it is not possible to improve relationship with Mujahiddin at once. We must, however, remember that even though Gulabuddin Hikmatyar is in power there, Afghanistan is a liberal country and not a fundamentalist one. It is a country of very proud and self-respecting people. Those Afghans who refused to accept the supremacy of the Soviet Union will not accept the high-handedness of the United States or Pakistan. If the Soviets lose interest in the Najibullah government in Kabul and India succeeds in helping form a government there which is independent of the Soviet and the American influence then Afghanistan will never accept slavery in the form of an alliance with Pakistan. It will not be willing to become a part of some Islamic defense alliance. Everything depends on our Afghanistan policy. The question here is: Do we have an Afghanistan policy?

Paper Gives Details on Gubernatorial Changes
 46001369 *Calcutta THE TELEGRAPH* in English
 20 Feb 89 p 1

[Article by our correspondent: "Hassan Shifted, New Governors in 5 States; Hasan Replaced by ex-IB Chief, Sarla Goes to MP, Pahadia for Bihar"]

[Excerpt] New Delhi, Feb. 19: The President, Mr R. Venkataraman, today appointed new governors for five states, including West Bengal, where the former intelligence bureau director, Mr T. B. Rajeshwar, will replace Prof Nurul Hasan. The later has been appointed Governor of Orissa.

The President approved a list submitted to him by the Union home ministry and accepted the resignation of the Madhya Pradesh Governor, Mr K. M. Chandy. Mrs Sarla Grewal, secretary to the Prime Minister, has been sent to Madhya Pradesh as Mr Chandy's replacement.

In a significant decision, the AICC(I) [All India Congress Committee-I] general secretary and Rajasthan MLA [Member of Legislative Assembly], Mr Jagannath Pahadia, has been appointed Governor of Bihar. The former defence secretary, Mr S. K. Bhatnagar, has been appointed Governor of Sikkim.

Mr Pahadia is the only active politician to have been included in the list. He succeeds Mr Govind Narain Singh, who was asked to quit last month for openly backing the Congress(I) dissidents in Bihar. Mr Pahadia belongs to the Congress(I) dissidents camp in Rajasthan.

The Union minister for labour, Mr Bindeshwari Dubey's name was dropped at the last minute from the home ministry list as some Bihar leaders, including Dr Jagannath Mishra, reportedly suggested to the Prime Minister, Mr Rajiv Gandhi, that Mr Dubey's appointment as Governor would have an adverse effect on the Congress(I) in the state. However, if the Congress(I) high command decides to replace Mr Bahugat Jha Azad with the Assam governor, Mr Bhishma Narain Singh, there is still a possibility of Mr Dubey being drafted as Governor of Assam.

The new West Bengal Governor, Mr Rajeshwar, is the second chief of the intelligence bureau to be assigned the job in an Opposition-ruled state. Mr Rajeshwar, who retired as director of the intelligence bureau in 1982, was subsequently made Lt Governor of Arunachal Pradesh. He was appointed Governor of Sikkim in 1985. Mr H. S. Barari, another former intelligence chief, was appointed Governor of Haryana last year.

Prof. Nurul Hasan, an academic and a leftist by commitment was shifted to Orissa because the Centre reportedly felt that he was too soft toward the Left Front government in West Bengal.

The most controversial figure in the new lot of Governors is Mr S. K. Bhatnagar, who retired last year as defence secretary. His name figured in the controversial HDW [expansion unknown] submarine deal as well as the Bofors kickback case.

Mrs Sarla Grewal's exit from the Prime Minister's office less than 24 hours after the rehabilitation of Mr R. K. Dhawan, a trusted aide of Mrs Indira Gandhi, appears to be a pointer to further changes in the office. Mrs Grewal, secretary to the Prime Minister for the past three years, is the first woman Governor from the Indian Administrative Service.

Before joining the Prime Minister's office, Mrs Grewal had held the post of secretary to the education and health ministries.

[Passage omitted]

Editorial Decries Chinese Treatment of Tibetans
46240038a New Delhi NAVBHARAT TIMES in Hindi
8 Mar 89 p 4

[Editorial: "Lhasa on Fire"]

[Text] There are many regions of the world where human rights are always trampled. Tibet, supposedly an autonomous region of China, is one such region. The debate on what leaders from Jawaharlal Nehru to Rajiv Gandhi did or should have done will never cease in India. It appears that China-Tibet relations have deteriorated since the October 1987 violent demonstrations. Many Tibetans were killed in the demonstrations held in March last year. Politically, making Tibet a part of China could be called practical. However, there are dramatic differences in the culture, language, and problems facing the two countries. It is ironic that the so-called republics in the Soviet Union are also struggling for real freedom. If a nation gets so angry over its cultural and political inequity that Buddhist monks and nuns come out to sacrifice their lives, one is forced to wonder what exactly is wrong. The Tibetans were greatly agitated when the Panchen Lama, their symbolic spiritual leader, died and left a religious void.

Perhaps, Tibet is China's internal affair. However, how long can violation of human rights be treated as an internal affair? The history and the presence of the Dalai Lama and his followers in India can be forgotten only when their being in India is no longer an item of controversy. The supporters of independence are becoming active there. A procession taken out by Buddhist monks and nuns last Sunday became violent and the police opened fire resulting in the death of 15 Tibetans. The Tibetans burned many government buildings and besieged the homes of people of Chinese origin. The situation is so bad that they had to implement martial law after the curfew was not effective. The problem is that there is no spiritual leader in Tibet since the death of Panchen Lama and it will require many years to find his successor. According to the tradition, the Dalai Lama is responsible for finding the successor for the Panchen Lama, and the Dalai Lama is in India. China will not be willing to accept any role for the Dalai Lama for sometime yet, if ever. We shall see if indirect talks between China and the Dalai Lama take place in Geneva and what these talks will result in. The Dalai Lama wants China to keep the Chinese out of Tibet and not to violate their human rights. He also wants Tibet to have a democratic government independent of China. Tibet may not be able to get an independent democratic government, it can at least have some assurance from the Chinese government. The Tibetans do not have the fortune of being supported as do the Afghan

Mujahiddin, but they value sacrifice and self-respect just as much. All China has to do is to follow a humane policy to stop the killing of these unarmed and persecuted people.

Article Examines Shiv Sena-BJP Relations

46240036 *Calcutta RAVIVAR in Hindi*
4 Mar 89 pp 29-30

[Article by Anurag Chaturvedi: "The Bharatiya Janata Party- Shiv Sena Romance"]

[Text] The Shiv Sena which was born in Maharashtra 23 years ago is working very hard to attract the Bharatiya Janata Party (BJP). There are several developments leading to this new friendship. BJP has selected 38 Maharashtra districts to fight the elections from and has formed an "election cell" composed of Pramod Mahajan, Dharamchand Chaurdia, Vasantrao Bhagwat, and Lakshmanrao Mankar. These people are aware of the rising tide of Shiv Sena. Meanwhile, Mahohar Joshi of the Shiv Sena is also worried about the increasing influence of the BJP. The Shiv Sena, which has already made its presence known in Bombay and Thane, is spreading its influence in Pune, Nasik, and Raigarh. Not one representative of the Shiv Sena has succeeded in being elected to the Lok Sabha (Parliament). However, now it has reached deep into Maharashtra as far as Chandarpur. This increasing influence of Shiv Sena has attracted BJP's notice.

Pramod Mahajan, the young BJP parliament member, admitted to the RAVIVAR that "the Shiv Sena has its workers active in 16 to 17 thousand villages out of a total of 28,000 villages in Maharashtra. This party is growing. The Shiv Sena is the largest opposition party in Maharashtra." Mr Mahajan is very impressed with the increasing sympathy of the younger voters toward the Shiv Sena. The BJP is recognizing the importance of the Shiv Sena. Bal Thakre and Pramod Mahajan have held meetings several times. Recently, Shiv Sena's leader Bal Thakre has agreed to a possible Shiv Sena-BJP alliance for the upcoming elections.

It is interesting that the BJP, a declared communalist party, is certifying the Shiv Sena as a non-communal party. Groups like Maratha Mahasangh, Patitpawan Sangh, Chatarpati Sanghathan, Hindu Ekta Andolan, and Hindu Sena all of which had some success recently will lose their influence once these two parties began to work together. Patitpawan Sangh is actually run by Rashtariya Swayam Sewak Sangh. Similarly, the Hindu Sena is being managed by Akola's Chandershekhar Gadgil. Hindu Ekta Andolan had become very strong in Kohlapur and Miraj when it led a movement against the recent practice of Arab shaykhs marriages to Hindu women followed by immediate divorces. Chatarpati Sanghathan was very active in the eastern parts of Vidarbha.

The BJP considers Shiv Sena, Maratha Mahasangh, and Shetkari Sanghathan as the strongest parties in rural Maharashtra. It believes that the Congress is the party of the Marathis. The main reason for the increasing friendship between Shiv Sena and BJP is the increasing influence of Shiv Sena; however, both parties are enchanted by the attractive slogan of Hinduism. The BJP is secretly supportive of the poisonous remarks that Bal Thakre ejaculates against the Sikhs and the Muslims. This is not the first 'romance' between the BJP and the Shiv Sena. They had fought the 1984 general elections side by side.

Mr Murli Devda, president of the Bombay Regional Congress Committee, is not worried by this alliance. Says he, "BJP's civic leaders are very critical of Shiv Sena's government of Bombay Municipal Committee. How can they be friendly? Actually the BJP is just trying to ride the powerful tide of Shiv Sena. It is working with the Janata Dal in the North and with Shiv Sena in Bombay and Maharashtra." This opportunistic politics of riding two horses by BJP is also recognized as pressure tactics by some Maharashtra Janata Dal leaders. However, according to Janata Dal's secretary general Ratnakar Mahajan, "BJP's goal is to work with the Janata Dal and they are pressing us to recognize their right for equal opportunity."

Shiv Sena has two seats in the Maharashtra legislative assembly. One is occupied by Bhujbal from Chagan in Manjhao and other by Ramesh Prabhu from Vile Parle. Both of these legislators are former Bombay mayors. There are 16 BJP legislators who won elections under the leadership of Purogami Lokshahi Dal. Of these 16 seats, six were won from urban constituencies and the remaining ten from rural areas. BJP which won two seats from Bombay also won one seat each from Pune and Nasik. It also won one seat from Ulhasnagar. The BJP also has two seats from Vidharabha and one from Mathwada. BJP (then called Jansangh) won 33 seats when it ran against the Janata Party. There is not one BJP member in the Lok Sabha (Indian Parliament). The BJP was able to increase its influence in Bhandara, Buldhana, Chandrapur, Garhchiroli, and Akola recently. There are three BJP state representatives from Bhandara. Two of its candidates suffered marginal defeats. Against this background, BJP has the opportunity to take Nagpur, the territory under the influence of Balasahab Devras. There is little difference between BJP and Shiv Sena when it comes to communalism. However, they differ greatly on social and economic issues. The BJP at least discusses some economic issues. Shiv Sena's leader Bal Thakre, however, is more concerned about raising the [party's] saffron flag on the cabinet building than discussing an economic program.

Pramod Mahajan, the BJP legislator, rejects the accusation that his party participated in organizing the Pune convention of the Shiv Sena as a white lie. Mr Mahajan also denies the allegation that the Shiv Sena helped bring crowds to the 15 December rally by the Kisan Morcha in Nagpur. He does admit one thing, "Shiv Sena has one

flaw. It does not demand reforms in our armed forces. We are aware of the dangers of an alliance with the Shiv Sena. However, we have no alternative but to recognize the power of this party."

BJP is also aware that the Shiv Sena which is so powerful in Maharashtra has several limitations. BJP's Maharashtra leaders admit that the Shiv Sena refuses to run for the Lok Sabha elections as it is afraid to fail this pretest. The Shiv Sena wants to emerge as a state-level party. The Shiv Sena is willing to give all the Lok Sabha seats from Maharashtra to the BJP the same way as the DMK [Dravida Munetra Kazam] party had done once in Tamilnadu. The Shiv Sena wants 200 seats in the legislative assembly and is willing to let the BJP win 88 seats. Shiv Sena's Manohar Joshi told RAVIVAR that "there is a very good possibility of a BJP-Shiv Sena election alliance. Both of us can compete in the elections together. We are asking them to run for the Lok Sabha and they want us to run for the Vidhan Sabha [legislative assembly]." This prominent leader of Shiv Sena believes that the party has gained momentum after the convention in Pune on 30-31 December. "Our alliance is very effective. We are not worried and we do not tolerate any kind of anarchy."

The BJP and the Shiv Sena also are emphasizing another issue. The SAMNA (Shiv Sena's daily newspaper) published three or four articles in support of the plan to have only one candidate running against the Congress party. If the BJP, Shiv Sena, and Janata Dal agree, then this alliance can win 34 seats to the Lok Sabha from Maharashtra. BJP is taking the biggest political gamble of its life as it knows that the Shiv Sena has the votes and not just dreams. The Shiv Sena is attracting the militant Hindu vote while the BJP is still tied up with the mathematics involving the North India. A scared Pramod Mahajan admitted that he would accept whatever the BJP leaders in Delhi decide.

BJP, should it join the Shiv Sena, will alienate itself from North Indian politics. Janata Dal's leader Chander Shekhar warned the BJP about this danger in a Bombay press conference. Raja Vishwanath Pratap Singh (who never even thought to mention Shiv Sena in his Maharashtra tour) is busy issuing statements about the Shiv Sena in the South. However, Manohar Joshi still believes that Karunanidhi's Janata Dal which burned the Indian constitution and formed an alliance with the Muslim League will have to hold talks with the Shiv Sena in the long run. He said, "We have not talked with V.P. Singh, but we will do that soon."

The BJP is working very hard to improve its lot in Vidarbha in Maharashtra. BJP leaders believe that merger of Sharad Pawar's party into the Congress party has left a vacuum in Vidarbha. The Shiv Sena can run from 90 percent of the constituencies at present. The BJP would like to form an agreement with the Republican Party in this area. According to Dharamchand Chaurdia, the general secretary of Maharashtra's BJP,

"the Republican Party does not mean just Prakash Ambedkar; it is equally important in the Gavai and Khobragarh areas." The Janata Dal is a zero in Vidarbha. BJP is aware that it will gain in Vidarbha. BJP, therefore, is talking about programs to get a good price for the farmers, reduction in farmer's loans, more employment opportunities, consumers rights, and social equality.

The BJP is telling us two mutually contradictory things. Its leaders are telling us that the issue of Hinduism would be a major one during the elections. At that same time they say that the main issue for the elections would be reorganization of the government. "The voters decide the main issue; we raise several important issues." BJP's leaders are talking about group leadership.

The BJP is ignoring its long range political plans by forming an alliance with the Shiv Sena. There are many BJP members and legislators who are strongly opposed to Shiv Sena's misguided approach and corrupt practices. Ramdas Naik and Ram Kapse are the two leaders who know the real face of Shiv Sena. Madhu Devlekar of BJP has fought battles against Shiv Sena for many years. This will cause problems for the both parties.

BJP has molded itself into constitutional traditions so well that it cannot become undisciplined like the Shiv Sena. For this very reason, volunteers of R.S.S [Rashtriya Swayamsevak Sangh] asked the businessmen repeatedly not to shut down their stores during the Shiv Sena convention in Pune. The Shiv Sena is trying to improve its image these days and is trying to recruit support from the Gujarati-speaking public and South Indians. There are many supporters of the Shiv Sena in Maharashtra's rural areas who are Congress party members and they know the difference between the [Central] government in Delhi and the [provincial] government in Bombay. How well will the pair made up of a rose [BJP's elections symbol] and the bow and arrow [Shiv Sena's symbol] work together?

One other problem that the BJP has is that neither does it have a charismatic leader like Sharad Pawar nor an experienced leader like Janata Dal's Marinal Gorey. The Janata Dal still has some secular leaders like Nihal Ahmad, N. G. Gorey, and S.M. Anna Joshi. Gopinath Munde, president of the Maharashtra BJP, hails from a declared backward caste, however, we all know the kind of treatment will the people from backward castes will get from Bal Thakre's group of militant Hindus.

**Editorial Criticizes Government Position on Book
46240033a New Delhi NAVBHARAT TIMES in Hindi
27 Feb 89 p 7**

[Editorial: "Banning Rushdie's Book"]

[Text] The Indian government banned Rushdie's book, SATANIC VERSES, on 5 October and a week later Rushdie's letter to Prime Minister Rajiv Gandhi was

published. Rushdie had expressed his feelings very strongly as any independent writer in an independent country would. Rushdie strongly demanded that the ban on his book be lifted and accused the prime minister of using his novel as a 'football in his political game' in order to win the fundamentalist vote. Rushdie recognized the importance of Islam in his own life and prophesied that Rajiv Gandhi's action will make Indian democracy a laughing stock.

Indian intellectuals are still condemning Khomeini's demand to assassinate Rushdie. However, Rushdie has been forced into hiding because of this threat. He cannot write a letter to Khomeini the way he wrote to India's prime minister to tell him that 'this is something between you and me.' Now this affair is between Khomeini and Rushdie and Rushdie is being denied any clemency.

This incident raises many questions. The Government of India was the first to ban Rushdie's book out of respect to India's Muslims. Still, why are people demonstrating in the support of the the Khomeini demand? Why are they burning buses, closing work places, and forcing the police to open fire? Are there some people who want to destroy the peace in our country?

Why aren't those Muslim intellectuals and leaders who were demanding the ban on the book now demanding that these terrorist activities be stopped? If they are too scared of Khomeini to decide their position in relation of Khomeini's demand, then why not at least condemn or help stop these destructive demonstrations? The Imam of Jama Masjid, instead, is beginning to see many more Rushdies in India. He is just creating an atmosphere to justify future violence.

Now that Rushdie and the Indian writers are quiet while the Imam is very vocal and the violent demonstrations are still there, we have to say that Khomeini has achieved his goal. It is interesting to note that Pakistan and the Arab countries did not support Khomeini and Iraq even opposed him openly. India's Muslim leaders, however, could not help but do something to start violent demonstrations. If these leaders believe that Rushdie has played with the feelings of Muslims, should they still support Khomeini now that the book has been banned? Are not these leaders insulting India's democracy, tolerance, and secularism?

IRAN

Sarband-Pass Qal'eh Road To Be Built
46400071 Tehran ETTELA'AT in Persian
2 Mar 89 p 15

[Text] News Service: Mr Mozafari the governor of Shemiranat, visiting Pass Qal'eh to study the problems of the village announced that construction work on the mountainous Sarband-Pass Qal'eh road will commence next year.

According to our reporter, during a meeting attended by Hojjat ol-eslam Do'agu, friday imam of Shemiranat city region, the members of the Islamic council of Pass Qal'eh explained the matters and problems faced by the village in the areas of welfare, medical, hygienic water, bath and road services.

Afterwards, Mr Mozafari, the governor of Shemiranat stated: A major road will be built between Sarband and Pass Qal'eh. He said the 1.5 km-long road, to be built with the people's help and the cooperation of the governor's office will be funded with earning from the [Sarband] cable car operations. At the present time preliminary steps for construction have been taken and the crews will begin work in the beginning of Ordibehesht (21 April-21 May) of next year.

The governor of Shemiranat added: Also, hygienic water will be secured from a distance of six kilometers from the heights of Pass Qal'eh. With a plumbing network provided, the local inhabitants will be able to have baths in their homes.

This report indicates that at the present time the people of the region are faced with many difficulties in the area of transportation. In order to secure the necessary budget and provide for the welfare of the inhabitants, the governorship has established a special account to which each week a sum from the earnings of Sarband cable car operations will be credited in order to bring prosperity to Pass Qaleh.

PAKISTAN

Talk of U.S. Aid Cutoff Term 'American Threat'
46560021b Karachi JASARAT in Urdu 31 Jan 89 p 4

[Editorial: "U.S. Threat"]

[Text] Is the statement of the analysts true that the United States sympathized with Pakistan only so long as the Soviet Union occupied Afghanistan and so long as there existed the threat of Soviet expansionism beyond Afghanistan through which Moscow, after strengthening its hold on Afghanistan, would move forward to overrun Baluchistan and Iran in order to seize warm water ports? Such Soviet actions would threaten U.S. interests in the Middle East. In view of these dangers the U.S. leadership not only opposed the Soviet Union, but also encouraged Pakistani authorities to support the activities of the Afghan freedom-fighters and in this connection they even helped Pakistan, which used all the resources at its command and opposed the Soviet Union to the fullest extent. The United States won over the world opinion, called UN meetings and informed the whole world about the Soviet aggression. The freedom loving countries of the world agreed that, if the Soviet aggressors were allowed to have their way in Afghanistan, then the

freedom and integrity of all small countries would be jeopardized and every big country would under one pretext or the other usurp the freedom of the smaller countries.

In the United States Jewish people like Solarz and anti-Pakistan countries like India did their best to prevent the United States from helping Pakistan and accused it of using nuclear energy for other than peaceful purposes. They said Pakistan had made the atom bomb which could pose a threat to world peace. But the United States did not heed the anti-Pakistan propaganda and continued to help Pakistan. Pakistan has always assured the United States and other countries in the world that it has been developing nuclear energy for peaceful purposes only and that it does not intend to develop or acquire nuclear weapons. Pakistan has always declared its willingness to sign the nuclear non-proliferation treaty provided India, the largest and most advanced nuclear country in the region, also signs the treaty. India exploded a nuclear device in 1974, and, not only does it have the capability of developing atomic bombs, it has also developed long range missiles. It has always tried to dominate all the countries in the region. The United States postponed the Indian domination issue because of the importance of Afghanistan problem, but in reality the U.S. leadership too wants all the countries of South Asia to accept Indian domination. Pakistan has challenged Indian hegemony right from the beginning, and, instead of acknowledging Indian domination, it would like to establish relations with India on an equal footing. U.S. authorities know very well that political differences exist between Pakistan and India, and, so long as these differences are not resolved with dignity and honor, strong and long lasting peace cannot be established in the region. India has made giant strides in the field of nuclear technology and the very fact proves U.S. partiality. Instead of putting pressure on India to sign the nuclear non-proliferation treaty, it has been providing that country with all kinds of sophisticated technology.

There has been a change in the U.S. leadership. George Bush has become the President of the United States in place of Ronald Reagan. Though Bush has been the vice-president for 8 years, belongs to the Republican party and is well aware of Pakistan's importance and its needs, the U.S. leadership has fabricated baseless rumors which are causing serious concern to Pakistani leaders. It has been reported that the U.S. aid to Pakistan will soon be stopped. The Voice of America, quoting the WASHINGTON POST, said that, because of Pakistan's nuclear capabilities, U.S. aid to it may soon be stopped. According to the newspaper, the Reagan administration has told Congress that this year it may not be able to certify that Pakistan does not possess nuclear weapons. According to the U.S. administration and Congress, Pakistan has been advised that the U.S. aid will be reduced. To threaten a country in South Asia with stopping aid in the name of international security and to provide all kinds of assistance to another large country in the region, clearly shows the double-faced policy of the United States.

Analysts say, now that a new government has come to power in Pakistan, the U.S. threat to cut off aid shows that the U.S. wants the new government at its beck and call and would like to make Pakistan do whatever it wants. It is now the responsibility of Pakistan's new government to respond to the U.S. threat with courage and valor, and to not surrender to unfair U.S. demands. During the life of nations, there are periods of trials and tribulations. But only nations that face misfortune and calamity cheerfully and with forbearance come out with flying colors. We are confident that our government will not bow to the improper demands of the United States under any circumstances and will not bargain its national dignity.

Karachi Said To Need Immediate Attention
46560012a Karachi JASARAT in Urdu 31 Dec 88 p 3

[Editorial: "Karachi's Local Institutions"]

[Text] Karachi is in the grip of numerous problems. The population of this city has been increasing at an alarming rate. At the time of the partition of India, Karachi was a neat city with a population of 300,000. After the creation of Pakistan, people from all over the country began to crowd in Karachi, partly because it was the capital of the new state, and partly because it was a seaport. Moreover, most of the industrial projects were started around Karachi. The problems caused by the increasing population multiplied so fast that no practical plan for their solution could be formed. There never has been any overall planning for the whole city. Many agencies came into existence to improve the condition of the city, but they did not cooperate with one another. As a result, if one department built a road, another department, for laying electricity, telephone or sewage lines, would dig it up, and no one would be willing to take the responsibility for repairing the broken road. As a consequence of the lack of systematic, comprehensive planning, Karachi's problems grew worse with time. Now everyone knows what a sad state the largest city of Pakistan is in. Besides the dearth of water, electricity and transport facilities, the conditions of sanitation and health care are most unsatisfactory. Things have been made worse by unlawful encroachments all over the place. The Karachi municipality seems to be helpless in the face of this situation. In the past the city had at least a united and organized municipality. But the last government broke up the municipality and destroyed what remained of an organized institution.

The present mayor of Karachi has said that the government is separating the urban from the rural population of the area. It is essential to give attention to the problems of the urban population. In Karachi the problem of water and other civic amenities is becoming so acute that if it is not solved in a hurry it may possibly lead to public riots. Mayor Faruq Sattar emphasized the fact that municipal institutions need to be given more autonomy. He says that many things that Karachi municipality is supposed to do are left undone, because the government

has not issued the necessary notification for the municipality to carry out those functions. Time and again during the last eleven years, efforts have been made to reform the municipal system of Karachi. As a matter of fact, it was the duty of the Sind government to look after this city. But that government has been so unstable and been changed so often that it could not give any attention to the affairs of Karachi. The different governments of Sind have been so taken up with their own political problems that they hurt the municipal institutions instead of helping them. Mayor Faruq Satter's words deserve careful attention. Perhaps the present elected government will be able to solve the problems that are troubling Karachi and other municipalities.

Karachi is one of the three or four largest cities of the world, but, sad to say, it lacks even the basic necessities of a city. The Karachi municipality cannot solve the serious problems the city faces with the resources it has at its disposal. At present many agencies are working in Karachi but they do not cooperate with one another. That is why no problems can be solved. Mayor Faruq Satter's suggestion that the management of the city be given in the hands of a single effective and responsible agency seems to make a lot of sense. The number of unlawful encroachments is on the increase, and it is a fact that it is all happening with the cooperation of some selfish and unscrupulous government officials. As a result of bribery and corruption, illegal encroachments spring up overnight, and they are being added at the rate of about 10 every year. These encroachments and slums add to the existing problems. All efforts to reform things are defeated because if any action is taken against them, it is given a political coloring. The only solution to the

ever-increasing problems of Karachi is to follow the international method and unite all the municipal departments and give them to the control of a single ruling body. The municipalities should be made autonomous. One reason why the municipal departments cannot work properly is that the bureaucrats keep interfering in their affairs. As long as the elected members of the municipalities are not given a free hand, the problems of Karachi will not be solved. In the whole world the municipal departments are believed to be the only agencies to solve the problems of a city. Unfortunately, in our country, they have been given only a secondary place.

It is essential for the provincial government to take the problems of the municipality seriously. It should give the Karachi municipality all the funds it needs to make the city beautiful and provide for its inhabitants all the basic facilities. The needs of a growing and spreading city like Karachi cannot be met from the income of the municipality. If this problem is ignored now, as it has been in the past, the condition of Karachi will become worse. It is therefore imperative that the province government provide funds for the municipality's use. In fact, municipal institutions have a right to this. In the past there were commissions appointed for solving Karachi's problems, but nobody followed the recommendations made by those commissions. That is why the problems have accumulated and go on increasing. The basic weaknesses of the municipal system need to be eradicated and the problems that can be solved at the municipal level should be solved there. The rest should be solved by the provincial government. The municipality should be made so effective that Karachi would become a model city, and its inhabitants enjoy all its basic amenities.

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